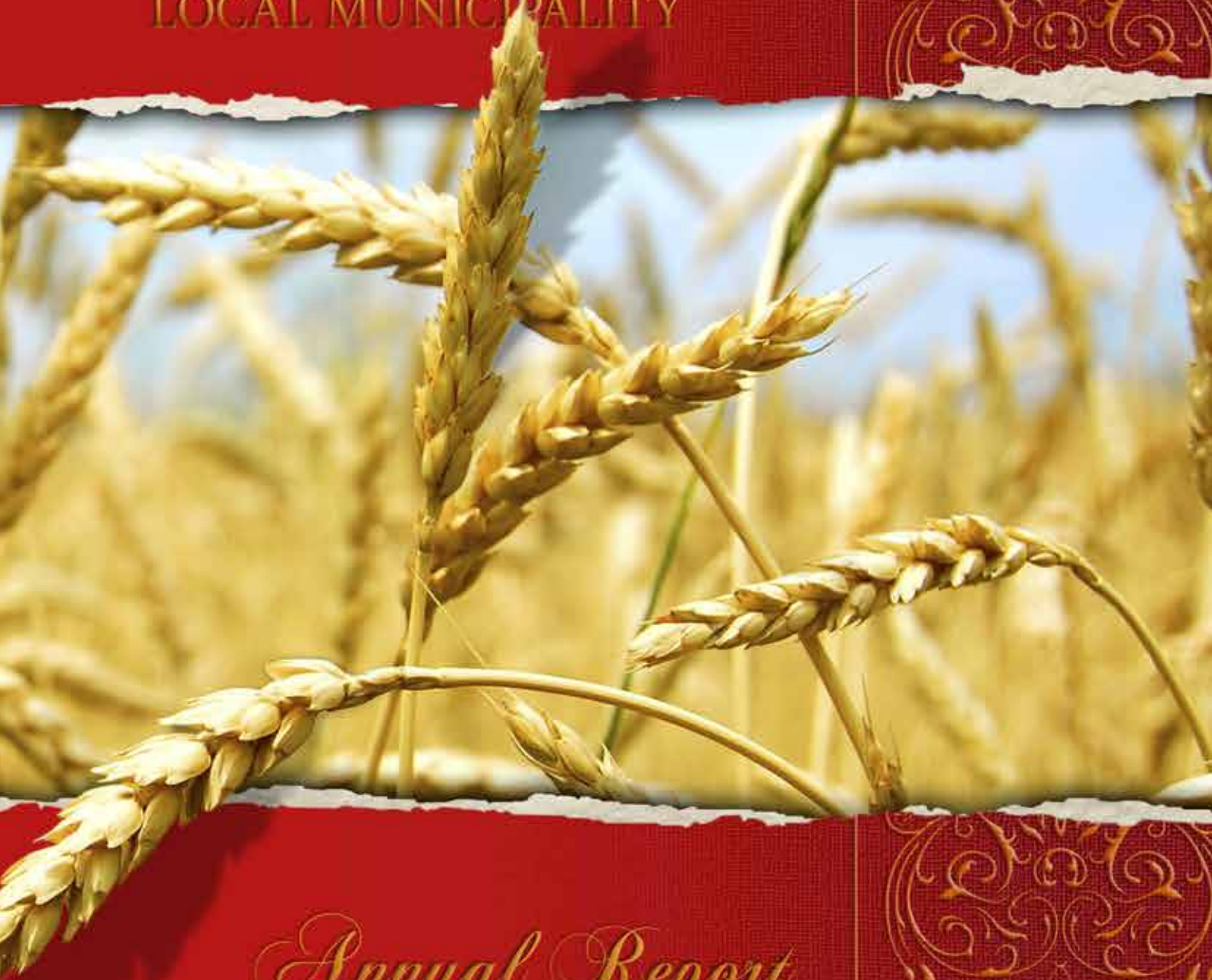




# *Phokwane*

LOCAL MUNICIPALITY



*Annual Report*  
*2011/12*

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## CHAPTER 1

### MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

#### COMPONENT A

## Foreword

### BY THE HONOURABLE MAYOR

This Annual Report aims to highlight the overall performance of Phokwane Local Municipality for the year under review, i.e. 2011/2012 financial year. The compilation of the report is in compliance with Section 46(1) of the Municipal Systems Act of 2000 and the Municipal Finance Management Act, which outlines the guidelines for the preparation and formulation of the annual report in terms of Section 121(1).

Although we got a Disclaimer in the last financial year, we made a commitment that things will slowly change for the better. We have developed an Action Plan which its objective is to detect and address any shortfalls regarding the finances, operations, and predetermine objectives of our Municipality. This plan will enable us to identify all the risks so as to deal with them head-on and so that we are in a better position to improve and become a Municipality who is financially viable and to keep up with the deadline of Clean Audit by the year 2014.

We will continue to work closely with our communities so that they know exactly what is happening within their elected Council. This will also provide us with an opportunity to know their daily challenges and be in a position to make the necessary planning to overcome those challenges timeously.

**'LE US ALL JOIN HANDS AND MAKE THIS MUNICIPALITY WORK FOR THE BETTERMENT OF ALL'**

#### A. VISION

To be a developmental municipality in the creation and maintenance of sustainable human settlement that result in social and economic development for all citizens.

#### B. KEY POLICY DEVELOPMENTS

Policy formulation in Phokwane should be more collaborative and inclusive and involve all key stakeholders in a transparent manner. The policy focus should be more reflective of contemporary good practice and in particular for diversification.

In terms of the Municipal Systems section 25 (1) each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which—

- (a) links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- (b) aligns the resources and capacity of the municipality with the implementation of the plan:

The Municipal System Act further indicate in section 28 (1) Each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of



its integrated development plan. The municipality tabled its IDP Process Plan to Council for approval on the 16th August 2011 and the process plan was approved in terms of Council Resolution: 82/2011.

#### **C. KEY SERVICE DELIVERY IMPROVEMENTS**

The Service Delivery Budget Implementation Plan (SDBIP) of the Municipality is the cornerstone to determine the key Service Delivery objectives and targets of the Municipality based on the Integrated Development Plan (IDP). The SDBIP directly informs the Annual Budget of the Municipality and the Performance Agreements and Performance Plans of the Municipal Manager and Section 57 Managers. The Performance Plans of the Section 57 Managers at the same time informs the Performance Scorecards of the various operating sections within each department. Reporting should therefore escalate from the bottom (Sections) to the top (Departments) to enable to compilation of Quarter- and Annual Performance Reports.

#### **D. PUBLIC PARTICIPATION**

Section 24 of the Municipal Systems Act(1) states that the planning undertaken by a municipality must be aligned with, and complement the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of co-operative government contained in section 41 of the Constitution. The IDP Steering Committee Meetings were held to comply with the above act whereby sector departments were invited to form part of some of IDP/Budget meetings.

#### **E. FUTURE ACTIONS**

The performance report for the Municipality reflects a stable financial institution despite a low payment rate for services, albeit a relative good collection rate compared to other municipalities. The financial position of the municipality can be vastly improved if the payment rate improves with 10%+ as it will allow the municipality to fill some of their staff vacancies, increase spending on the maintenance of infrastructure and to improve the condition of their vehicle fleet and equipment. At operational level the municipality is able to maintain the level of services but more attention is required to improve the customer care focus and to increase the general standard of service delivery. Procedures are implemented to ensure that information is recorded and reviewed on a more frequent basis to measure the attainment of targets as set in the IDP, SDBIP and Performance Plans of the senior managers

#### **F. AGREEMENTS / PARTNERSHIPS**

Phokwane Municipality have an agreement with Sedibeng Water in order to provide for the rendering of the water services in an efficient, equitable, cost effective and sustainable manner which encompasses the need to ensure access of all domestic consumers to at least basic services.

#### **G. CONCLUSION**

It is our responsibility as politicians, to ensure that our Municipality does indeed perform to the best of its ability in addressing the backlogs of all services. We will do this because this is a mandate as enshrined in our Constitution. We are compelled to do the above irrespective of the limited resources at our disposal.



MAYOR



## COMPONENT B

### *Executive Summary* 1.1 MUNICIPAL MANAGER'S OVERVIEW

Accomplishments, attainments and challenges will be highlighted in the annual report of 2011/2012. This report depicts improvement, in delivering services to the community. On the other hand, there are still backlogs in service provisioning and other challenges such as achieving clean audit. Phokwane Local Municipality, is still struggling with historical issues in finance. A file of historical issues is prepared it will be audited by the Auditor General before previous findings can be removed from the audit report. If those historically issues can be cleared, Phokwane Local Municipality will be on track to meet the 2014 clean audit target. At the beginning of the financial year 2011/2012, clear objectives were set by Council and this report will reflect on how the municipality performed against the targets set.



#### **POLICIES**

Council approved policies in this financial year, in order to improve internal controls and to strengthen accountability. In the main these policies contributed to effective and efficient running of the institution. Council approves policies regulating finances and human resources. The annual report contents include policies approved, reviewed and implemented by Council.

#### **GOVERNANCE**

In the year under review Council, Executive Committee and Portfolio Committees were having meetings periodically according to schedules.

#### **ADMINISTRATION**

The municipality established an Internal Audit function, consisting of the Manager: Internal Audit and 2 Audit Assistant. The Audit committee was also established whereby members were procedurally appointed to serve in this committee. The municipality advertised and filled key vacancies that were budgeted for in the financial year. Labour matters were also attended to in this financial year and the municipality succeeded in reducing the list of cases in this regard.

The administration gave support to Council to approve the Integrated Development Planning and the budget for the Financial Year 2011/2012. The SDBIP for 2011/2012 was implemented by administration. The Technical department implemented capital infrastructure project in the previous financial year. There were challenges in some of the projects due to phasing in of projects.

The organizational structure of the municipality was also reviewed to focus it to service delivery. Some additions of new positions which were excluded in the structure were also included. The exercise of reviewing the organizational structure is done yearly every time when the IDP and Budget processes plans are implemented.

### **SERVICE DELIVERY**

In the financial year 2011/2012, the municipality managed to spend the Municipal Infrastructure Grant on infrastructure projects. The municipality received housing allocations from the Department of Human Settlement for internal services. The Department of Cooperative Governance, Human Settlement and Traditional Affairs allocated funds for the Housing projects in Jan Kempdorp (Valspan) and Pampierstad (Sakhile). The projects are making serious impact on poverty alleviation and restoring the dignity of South Africans in this region. The main challenge in this province is to provide houses to communities at a faster rate because of limited allocations

### **PUBLIC PARTICIPATION**

The municipality had public participation activities ranging from consultations, public meetings, stakeholders meetings, imbizos and ward meetings. The municipality consulted communities on IDP review, Proposed Budget, Policies, and Projects Implementation. On the other hand, Ward Councillors are holding community meetings in different wards. For those who could not attend meetings, the municipality is publishing documents, e.g. IDP, Budget and policies at different offices for public comments. The municipality had 9 functional ward committees that enhanced public participation. They were paid stipends to motivate them to do their work. They are reporting monthly to Council through the Ward Committee Coordinator and the Speaker's Office.

### **YOUTH DEVELOPMENT**

The municipality reviewed the organizational structure and included the Youth Development unit. The said unit is now fully established with staff appointed. It has started working on focusing the municipality on youth development, HIV Aids Programmes and Vulnerable groups.

### **CONCLUSION**

This annual report 2011/2012, outlined activities of the year under review. This report reflects departmental success, achievements and challenges. Some of these departments like the finance still face serious challenges even after appointing key personnel. However, we believe all is on the right track in achieving the strategic objectives of the new developmental local government. I would like to thank the Mayor, Speaker, Councillors, Colleagues, Staff and the Community for their support and patience and believing that we shall overcome.

I thank you.

## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Phokwane Local Municipality is made up of four built up areas, i.e Hartswater, Jan Kempdorp, Ganspan, Pampierstad and the surrounding farming areas. This municipality is rural in nature with large scale of agriculture commercialized farming.

According to Stats SA 2001 the population size is about 61 321 people, with the following gender composition 29 827 males and 32 497 females. The unemployment rate in the area is very high, it is estimated to be 43% while agriculture and government sector are the main employers in the local economy.

The labour force is relatively unskilled and poorly educated, 21% of them have grade 12 or higher education, while 32% have no schooling at all. In total 67% of the population have some form of schooling and can be regarded as literate.

Phokwane Local Municipality is second biggest local municipality in the Frances Baard District Municipality. It is an executive type of a municipality, where the Executive Committee is chaired by the Mayor who is a Member of that committee. In this arrangement the executive powers are vested in the committee.

The head office of the municipality is in Hartswater, where Council, Committees, and Senior Managers operate from. Where the Council Chambers and Senior staff offices are.

## 1.3 SERVICE DELIVERY OVERVIEW

Since inception in 2000, Phokwane local Municipality has been able to provide the following services to the communities;

- Water
- Electricity
- Sanitation
- Roads
- Storm water
- Cemeteries
- Sports and recreational facilities
- Environmental management
- Libraries
- Solid waste
- Traffic services
- Land use

Some of these services are provided at a higher level and some at an Reconstruction Development Project standard. On the other hand some of these services are provided to communities on a daily basis and some as once off service. However, the details on service delivery will be reported under performance highlights.



## 1.4 FINANCIAL HEALTH OVERVIEW

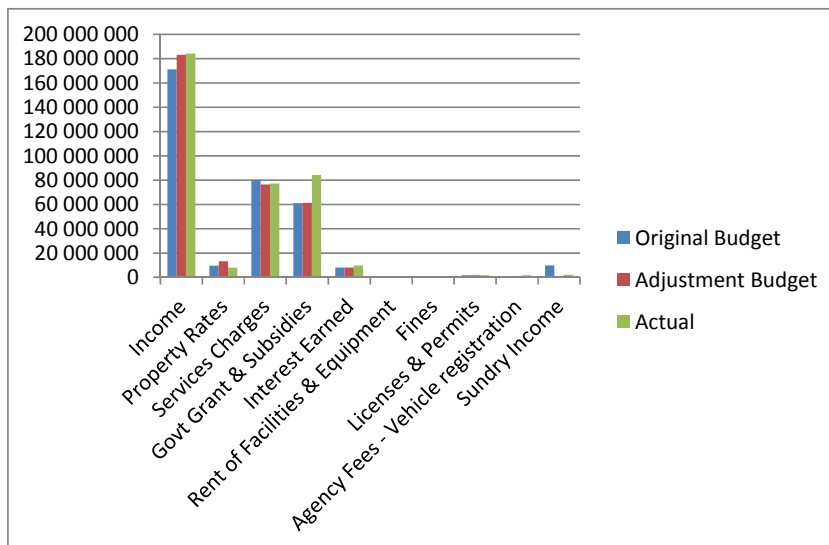
The financial administration of the municipality has improved considerably during the year with the implementation systems of key controls such as the reconciliation of key controls accounts on a monthly basis. This enabled monthly and quarterly reporting to both management, Council and external stakeholders whilst ensuring that information reported is accurate, valid and complete. The arrival of the internal audit committee has further added value to the aforementioned. Independent audit checks was conducted throughout the year within departments to improve in particularly financial controls and procedures within departments and operating sections.

### FINANCIAL OVERVIEW – YEAR 2011/12

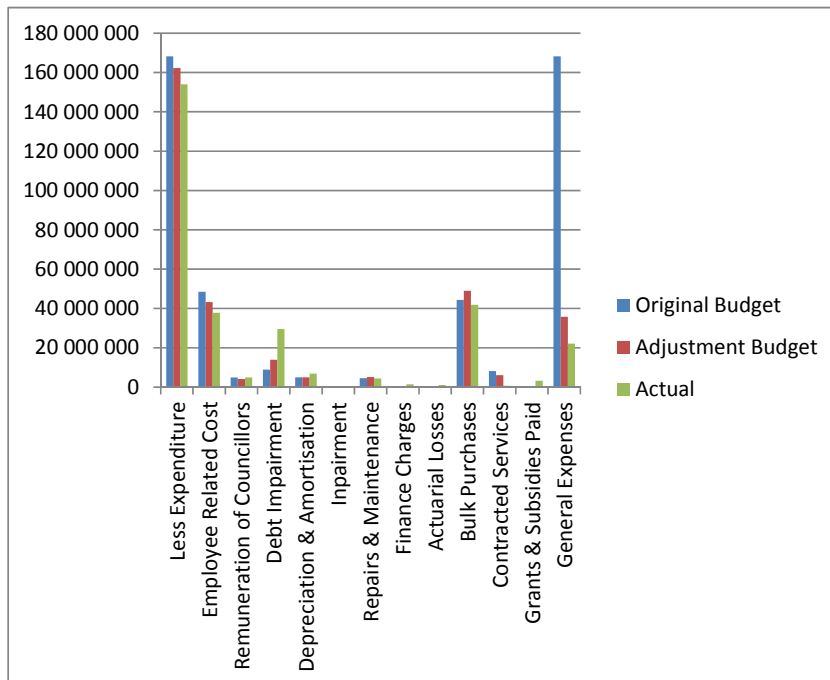
	R'000		
DETAILS	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL
<b>Income</b>	<b>171 212 081</b>	<b>163 143 452</b>	<b>184 272 234</b>
Property Rates	9 551 708	13 225 415	7 926 865
Services Charges	80 103 105	76 466 508	77 054 971
Government Grant & Subsidies	61 123 000	61 286 000	84 205 700
Interest Earned	8 020 100	8 113 156	9 642 601
Rent of Facilities and Equipment	75 500	69 477	136 096
Fines	138 889	389 646	190 690
Licenses & Permits	1 691 995	1 703 603	1 692 295
Agency Fees – Vehicle registration	689 000	1 083 483	1 457 837
Sundry Income	9 818 785	806 164	1 965 179
<b>Less Expenditure</b>	<b>168 174 481</b>	<b>162 300 188</b>	<b>153 983 256</b>
Employee related Cost	48 529 995	43 268 486	37 845 924
Remuneration of Councilors	4 935 740	4 106 967	4 911 455
Debt Impairment	8 891 734	13 912 584	29 508 778
Depreciation & Amortisation	5 008 776	5 008 778	6 913 821
Impairments			3 880
Repairs & Maintenance	4 572 452	5 120 208	4 412 493
Finance Charges	238 985	239	1 364 436
Actuarial Lossess			1 056 197
Bulk Purchases	44 332 746	49 018 716	41 890 993
Contracted Services	8 176 510	6 093 007	714 110
Grants & Subsidies Paid			3 257 659
General Expenses	168 174 481	35 771 203	22 103 510
<b>Net Total</b>	<b>3 037 600</b>	<b>843 264</b>	<b>30 288 977</b>

## FINANCIAL OVERVIEW – YEAR 2011/2012

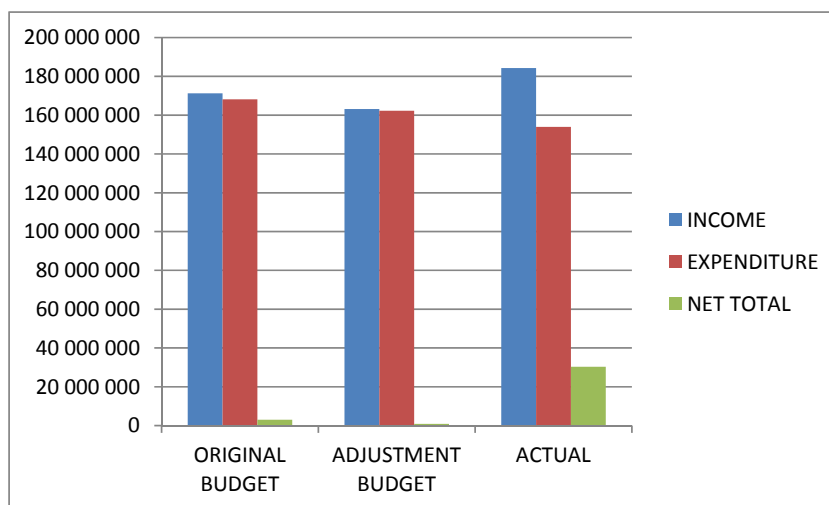
### INCOME



### EXPENDITURE



## NET TOTAL



## OPERATING RATIOS

DETAIL	%
Employee Cost (Councillors Remuneration)	27.77
Repairs & Maintenance	2.87
Finance Charges & Impairment	0.89
Depreciation & Amortisation	4.49
Debt impairment	19.16
Actuarial losses	0.68
Bulk Purchases	27.21
Contracted Services	0.46
Grant & Subsidies Paid	2.12
General Expenses	14.35

## COMMENT ON OPERATING RATIOS

Councillors and employee related costs makes up the largest component of expenditure costs, constituting 27.8 percent of the total actual operating expenditure. This is followed by bulk purchases such as electricity and water costs constituting 27.21 percent. The municipality did not adequately provide for non-cash expenditure items such as debt impairment, depreciation and amortization charges and actuarial losses and these constitutes 19.16 percent, 4.49 percent and 0.68 percent respectively of the actual operating expenditure of 2011/2012.

The overall financial administration and MFMA compliance improved systematically during the year and the financial statements for the financial year was completed and handed to the Auditor General on time. The stable financial position of the municipality over the past years continued with a positive monthly cash flow with no overdraft facilities being used. The Municipality recorded cash receipts of R 145,4 million from rates, services charges, government grants and interest and this has resulted in net cash from operating activities to the amount of R 30,3 million. The cash equivalents of the municipality increased by R 9,2 million from R8,9 million from the previous year to R18,2 million this year. A financial surplus of more than R40,1 million is realised for this year from cash generated from operations



## REVENUE

Total revenue of the municipality has increased to R184,3 million compared to the R168,2 million from the previous financial year and represents an increase of 9.6 percent. This can be attributed to the fact that the services charges has increased from R62,1 million to R77,1 million. The revenue from government grants and subsidies has however decreased from R86,5 million to R84,2 million, the decrease can further be ascribed to the adjustments made during the year due to prior years correction of errors. The municipality performed generally well with regard to generating revenue such as property rates, interest earned, licenses and permits and income derived from agency services. The challenges however, remains that of collecting revenue earned.

## EXPENDITURE

The expenditure of the municipality has increased from R146, 5 million the previous year to R153, 9 million for this year and this represents an increase of 5%. The Bulk purchases represent 27,21% of the total expenditure and bulk purchases increased by 1,2% when compared to the previous financial year 2010/2011. The salaries increased by 14.4% whilst the general expenses increased by 7%. Though tight controls have been implemented to ensure that the budget is not overspend, unauthorized, fruitless, wasteful and irregular expenditure continued to be incurred and has been reported to Council. .

## LIABILITIES

The current liabilities of the municipality decreased from R25 million to R22,8 million this represents a 8.9% decrease whilst the non-current liabilities increased from R14,5 million to R15,6 mainly due to an increase in post-retirement benefits and long service awards. The trade creditors reduced from R5,8 million to R856 thousand whilst the other creditors reduced from R5,6 million to R4,6 million. Trade creditors are normally paid within 30 days and trade payables as at 30 June 2012 amounts to R856 332 . The municipality has not operated an overdraft facility during the year.

## TRADE AND OTHER RECEIVABLES

Trade receivables from exchange transactions increased from R 133,7 million in the previous year to R 94,3 million and other receivables from non-exchange transactions increased from R 12,2 million to R 14,5 million, before provision for debt impairment. The municipality's accounting policies dictates that provision for debt impairment be considered on accounts older than ninety days. Therefore, the provision for debt impairment considered for 2011/2012 accounts receivables from exchange transactions amounted to R 120 million and provision for debt impairment on accounts receivables from non-exchange transactions amounted to R 13,3 million.

The account balances for trade receivables from exchange transactions, nett of the provision for debt impairment increased from R 12,9 million in previous year to R 13,7 million in 2011/2012 whereas, the account balances for other receivables from non-exchange transactions increased from R 972 thousand in previous year to R 1,2 million in 2011/2012 financial year.

## TOTAL CAPITAL EXPENDITURE

The municipality's capital budget increased with almost 117.9% over the past three years from R 21 million in 2009/2010 to R 34,6 million in 2010/2011 and R 45,8 million in 2011/2012, respectively. This increase can mainly be attributed to the fact the municipality has gradually enhanced its administrative capacity to deliver on its infrastructure programmes and this has got a positive impact on service delivery. It should however be mentioned that the municipality is predominantly depending on conditional grant funding to deliver on its infrastructure programmes and objectives. An amount of R 3,1 million, derived from own revenue, was set aside for the acquisition of equipment, tools and installation of water to areas such as Molelwane, Andalusia and Pampierstad.

The municipality exceeded its capital expenditure appropriated with R 5.6 million or 26.6% in 2009/2010 and with R 12, million or 34.4% in 2010/2011. These over expenditure can be ascribed to improper planning and the inadequateness of budgetary controls in place. Projects which were incomplete in the previous financial year were not provided for in the current financial year under review but were however implemented due to the immense pressure from communities. The municipality did however underspend on its capital expenditure appropriated in the 2011/2012 financial year with about R 24.3 million.

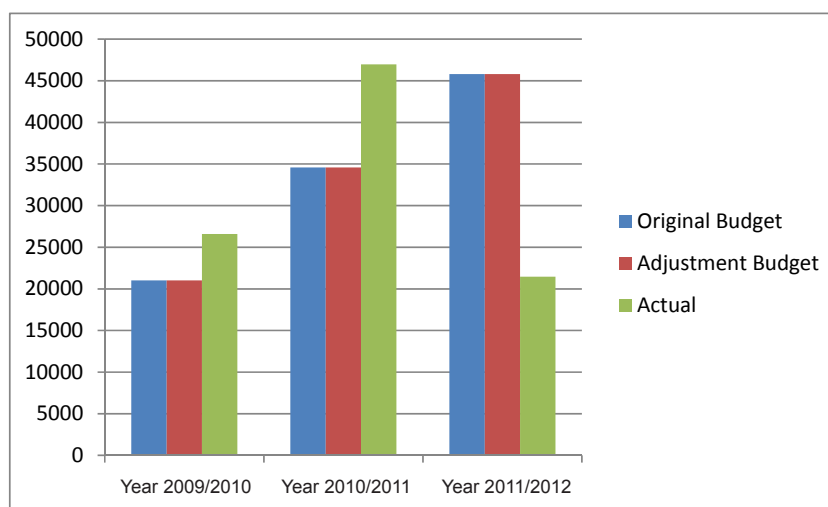
**TOTAL CAPITAL EXPENDITURE: YEAR 2009/2010 TO YEAR 2011/2012**

R'000

DETAIL	YEAR 2009/2010	YEAR 2010/2011	YEAR 2011/2012
Original Budget	21 021	34 580	45 798
Adjustment Budget	21 021	34 580	45 798
Actual	26 605	46 968	21 463

\*Year -1 = 2009/2010, Year 0 = 2010/2011 and Year 1 = 2011/2012

**TOTAL CAPITAL EXPENDITURE**



**CREDIT CONTROL**

The average percentage payment level for the municipality at the end of the financial year is 53.69 % and the table below provides a summary of the overall payment levels for the main areas of the municipality;

FY 2011/12	CHARGES	RECEIPTS	% PAYMENT
	RAISED		
July	8,952,498	3,439,240	38.42
Aug	9,892,453	2,823,689	28.54
Sep	7,851,487	4,789,318	61.00
Oct	7,394,791	5,481,861	74.13
Nov	8,078,181	4,864,582	60.22
Dec	16,445,694	5,353,745	32.55
Jan	7,627,587	5,079,193	66.59
Feb	8,750,497	5,728,588	65.47
March	7,750,174	4,373,983	56.44
April	8,135,212	3,953,843	48.60

May	6,912,702	5,637,163	81.55
June	7,741,596	5,136,671	66.35
<b>TOTAL 10/11</b>	<b>105,532,871</b>	<b>56,661,876</b>	<b>53.69</b>
<b>MONTHLY AVERAGE</b>	<b>26,383,218</b>	<b>14,165,469</b>	<b>53.69</b>

The payment levels for the individual areas are as follows:

MONTHS	HARTSWATER	JAN KEMPDORP	PAMPIERSTAD	GANSpan	FARMS
<b>YTD AVE</b>	<b>67.89</b>	<b>35.75</b>	<b>10.55</b>	<b>23.01</b>	<b>18.71</b>
<b>July</b>	61.41	29.20	5.17	8.48	16
<b>Aug</b>	34.01	23.80	14.23	49.10	31.39
<b>Sept</b>	80.69	56.50	9.08	9.29	6.37
<b>Oct</b>	77.3	76.1	15.66	82.21	30.16
<b>Nov</b>	86.54	53	6.55	16.27	7.29
<b>Dec</b>	85.74	21	14.01	9.44	22.58
<b>Jan</b>	87.42	63.1	9.48	28.29	11.04
<b>Feb</b>	88	58.6	7.63	21.50	61.61
<b>Mar</b>	80.69	51.1	4.67	3.91	35.51
<b>Apr</b>	69.08	42.7	4.53	10.17	7.25
<b>May</b>	121.50	69.3	16.03	29.44	15.54
<b>June</b>	88.04	64.6	9.55	18.49	31.72



Measures should be implemented to increase payment levels in township areas, such as Pampierstad and Ganspan, in order to improve the overall payment rate.

MONTH	NR OF CUTT -OFF'S	NR ACCOUNTS REINSTATED	NR OF DEMAND LETTERS SENT	AMOUNT ARREARS COLLECTED	NR PAYMENT ARRANGEMENTS MADE	AMOUNT ARRANGEMENTS PAID	NR OF ILLEGAL CONNECTIONS
July 2011	0	0	0	0	0	0	0
Aug 2011	0	0	0	0	0	0	0
Sep 2011	404	373	1980	R169,569	unknown	R213895	3
Oct 2011	2127	1647	165	R1,105,119	11	R146684	0
Nov 2011	562	514	122	R1,721,182	27	R329,807	1
Dec 2011	212	91	16	R961,161	2	R37,091	2
Jan 2012	86	44	103	R455,321	7	R222,529	0
Feb 2012	758	185	564	R2,719,426	90	0	4
Mar 2012	490	140	108	R650,330	40	R 8104.14	4
Apr 2012	116	26	0	R207,426	46	R88,607	0
May 2012	616	148	0	R192,386	17	R28,269	10
Jun 2012	30	13	0	R355,101	1	R174,419	3

## INDIGENTS

The registration of indigents are hampered by a number of factors that includes a lack of adequate resources such as human resources and vehicles as most of the indigents lives in the outlying areas. The months, April to June 2012 serve to attest to this assertion given the fact that the number of demand letters served for this period amount to zero and this was mainly as a result of unavailability of official vehicles. The involvement of ward councilors and ward committees must also improve to identify and register indigents. For the 2011/12 financial year only 1808 indigents were registered. The target for the 2011/12 is to double the number of registered indigents in particular by holding awareness campaigns with the assistance of new ward councilors, in all the areas of the municipality.

## COMPLIANCE

The process of MFMA compliance and submitting the required reports has improved dramatically over the past year and as an example the following reports was submitted according to the scheduled requirements:

- Sec71(1) - Monthly report on actual revenue and expenditure
- Sec71(5) - Allocations received
- Sec72 - Mid-year Budget Adjustment and Performance report
- Sec75(1) - Placement on website of key municipal documents
- Sec52(d) - Quarterly report on implementation of budget and financial state of affairs
- Minimum Competency Level - Bi annual report of competency level of senior managers

## 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

- The municipality has employed various measures in trying to address skills development in so far as critical skills is concerned, i.e. water, electricity, finance, and other key areas. Staff members who qualify are provided with financial assistance to pursue career relevant to organizational development.
- However, it is worth mentioning that we are also experiencing high turnover on the area of electricity, and counter our concerted efforts to address skilled a capacitated electricity division. And the main cause to the latter is our ability to compete with private sector in so far remuneration is concern, i.e. growth of mining sector.
- One of the key areas we will have to seriously improve on is our ability to accelerate our process of recruitment without compromising processes and procedures. And if the former has been address it will ensure improvement on the organizational performance.
- Other key aspect which is crucial for organizational development is the formulation of key important policies. The absence of certain policies has impacted negatively on the organizational performance in so far as governance is concern.

## 1.6 AUDITOR GENERAL REPORT – YEAR 1

(REFER TO APPENDIX G FOR AUDITOR GENERAL'S REPORT)

## 1.7 SCHEDULE OF KEY BUDGET DEADLINES IN TERMS OF SECTION 21 (1)(B) OF THE MFMA (MUNICIPAL FINANCE MANAGEMENT ACT)

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies. The mayor therefore needs to table a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP before Council no later than 31 August 2011.

The proposed schedule is set out below:

	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
1	July 2011	<u>MTREF AND EVALUATION CHECKLIST</u>  Planning for next three-year budget in accordance with co-ordinated role of budget process (included is previous year review of budget process and the budget, and completion of budget evaluation checklist)	MFMA 21 (1)	EXECUTIVE MAYOR	1-Jul-11
2		<u>PLANNING</u>  Planning for next three-year budget; Establishment of internal and external budget consultation forums; and Establish processes and identify strategies for IDP and Budget Development.	MFMA GUIDANCE	MUNICIPAL MANAGER	1-Jul-11
3		<u>SDBIPS &amp; SECTION 57 CONTRACTS</u>  Signing of performance contracts for service delivery.	MFMA 53 (1) c (iii) MSA (S 57)	EXECUTIVE MAYOR	1-Jul-11
4		<u>MFMA QUARTERLY SCM REPORTING</u>  Submit quarterly report on Implementation of Supply Chain Management Policy.	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	10-Jul-11
5		<u>MFMA REPORTING</u>  Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Jul-11
6		<u>MFMA QUARTERLY BUDGET REPORTING</u>  Submit quarterly report for service delivery and budget implementation.	MFMA (S 52)	EXECUTIVE MAYOR	30-Jul-11



	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
7		<u>MFMA ANNUAL SCM REPORTING</u> Submit annual report on implementation of the supply chain management policy to the mayor and make the report public.	SCM Reg 6 (2)	CHIEF FINANCE OFFICER	30-Jul-11
8	STILL TO CHECK	<u>MFMA IMPLEMENTATION PRIORITIES</u> Complete Quarterly MFMA Implementation Priorities Checklist and submit to National Treasury.	NT Circular 38	CFO	30-Jul-11
9	August 2011	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Aug-11
10		<u>PREPARATION SCHEDULE OF KEY DEADLINES</u> Preparation of time schedule outlining key deadlines for preparing, tabling and approval of the budget and the review of the IDP.	MFMA 21 (1) (b) & 53 (1) (b) MSA (S 34)	MUNICIPAL MANAGER	31-Aug-11
11		<u>TABLING KEY DEADLINES</u> Tabling of time schedule outlining key deadlines for preparing, tabling and approval of the budget and the review of the IDP.	MFMA (S 21) MSA (S 34)	EXECUTIVE MAYOR AND COUNCIL	31-Aug-11
12		<u>IDP REVIEW</u> Processes are reviewed to determine strategic objectives for service delivery and development for next three year budgets, including review of Provincial and National government sector and sector strategic plans.	MFMA GUIDANCE MSA (S 34 & 77)	EXECUTIVE MAJOR	31-Aug-11
13	August 2011	<u>AFS</u> Submission of AFS to Auditor-General for the year ended 30 June 2011.	MFMA (S 122 & 126)	MUNICIPAL MANAGER	31-Aug-11
14	September 2011	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Sep-11

PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
15	<u>DETERMINATION OF REVENUE PROJECTIONS</u>  Revenue projections of proposed rates, service charges and draft the initial allocations to functions and departments for the next financial year after taking into account strategic objectives.		CFO	30-Sep-11
16	<u>ENGAGEMENT OF NATIONAL AND PROVINCIAL TREASURIES</u>  Consultations with sector departments on sector specific programmes for alignment with municipalities plans (i.e. schools, libraries, clinics, water, electricity, roads etc)	MFMA GUIDANCE	CFO	30-Sep-11
17	<u>ENGAGEMENT OF MUNICIPAL DEPARTMENTS</u>  Initial review of national policies and budget plans and potential increases of bulk resources with functional and departmental officials.	MFMA GUIDANCE  MFMA (S 35,36 & 42)	MUNICIPAL MANAGER	30-Sep-11
18	<u>ADJUSTMENT BUDGET GUIDELINES</u>  Issue guidelines to various departments for the preparation of the 2011/2012 adjusted budget .	MFMA (S 28)	CFO	30-Sep-11
19	October 2011  <u>BUDGET AND IDP STEERING COMMITTEE MEETING</u>  Executive Mayor establishes committees and consultation forums for the budget process.	GUIDE TO CLLRS PAGE 62 & 63	EXECUTIVE MAYOR	1-Oct-11
20	<u>MFMA QUARTERLY SCM REPORTING</u>  Submit quarterly report on Implementation of Supply Chain Management Policy.	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	10-Oct-11
21	<u>MFMA REPORTING</u>  Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Oct-11
22	<u>MFMA QUARTERLY BUDGET REPORTING</u>  Submit quarterly report for service delivery and budget implementation.	MFMA (S 52)	EXECUTIVE MAYOR	30-Oct-11

PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
23	<u>PRIMARY BANK ACCOUNT</u> Table before Council quarterly report of all withdrawals from primary bank account.	MFMA (S11 4(a) (b) )	MUNICIPAL MANAGER	30-Oct-11
24	<u>MFMA PRIORITIES</u> Quarterly completion and submission of MFMA implementation priorities.	Circular 38 and MFMA (S 52(d) )	MUNICIPAL MANAGER	30-Oct-11
25	October 2011 <u>POLICIES AND CONSULTATIONS</u> Review of budget related policies and consultation process.	MFMA (S 21,22 & 23)	EXECUTIVE MAYOR AND COUNCIL	30-Oct-11
26	<u>ADJUSTMENT BUDGET INPUTS</u> The budget office receive the inputs from various departments for the 2011/2012 adjustment budget.	MFMA (S 28)	VARIOUS HEADS OF DEPARTMENTS	30-Oct-11
27	November 2011 <u>GUIDELINES FOR 2011/2012 BUDGET</u> Budget guidelines are issued to various departments for the preparation of 2011/2012 budget.	MFMA (S 21)	MUNICIPAL MANAGER	1-Nov-11
28	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Nov-11
29	<u>IMBIZO MONTH</u> Consultation meetings with communities and sector departments regarding the budget and IDP for the 2011/2012 financial year.	MFMA (S 23) MSA (CHAP 4)	EXECUTIVE MAYOR	15-19 Nov-11
30	<u>REVIEW DRAFT IDP</u> Review and draft initial changes to the IDP	MSA (S 34)	MUNICIPAL MANAGER	30-Nov-11
31	<u>IDP ASSESSMENT (PHASE 1)</u> Assess the extend of the previous year IDP implementation processes and implement corrective measures.	MSA (CHAP 5)	MUNICIPAL MANAGER	30-Nov-11
32	December 2011 <u>MTREF 2012/2013 INPUTS</u> Budget office receive 2012/2013 budget inputs from various directorates. Inputs are considered and to seek clarities.	MFMA (S 21)	VARIOUS HEADS OF DEPARTMENTS	10-Dec-11



PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
33	<u>BUDGET PLANS</u> Preparation of proposed budget and plans for 2012/2013 taking into consideration the previous 2010/2011 performance as per Audited Financial Statements and comments from National and Provincial Treasuries.	MFMA (S 21)	MUNICIPAL MANAGER AND VARIOUS HEADS OF DEPARTMENTS	10-Dec-11
34	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Dec-11
35	January 2012 <u>MFMA QUARTERLY SCM REPORTING</u> Submit quarterly report on Implementation of Supply Chain Management Policy.	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	10-Jan-12
36	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Jan-12
37	<u>MID YEAR BUDGET ASSESSMENT 2010/2011</u> Assessment is made for half year (the first six months) regarding the performance of the municipality.	MFMA (S 72(1)(b) )	MUNICIPAL MANAGER AND CFO	21-Jan-12
38	<u>PERFORMANCE ASSESSMENT</u> Tabling of mid-year performance assessment before Council for consideration.	MFMA (S 72)	EXECUTIVE MAYOR	25-Jan-12
39	January 2012 <u>MFMA QUARTERLY BUDGET REPORTING</u> Submit quarterly report for service delivery and budget implementation.	MFMA (S 52)	EXECUTIVE MAYOR	30-Jan-12
40	<u>TABLING ANNUAL REPORT</u> Tabling of 2010/2011 Annual Report before Council.	MFMA (S 127(2) )	EXECUTIVE MAYOR	31-Jan-12
41	<u>PRIMARY BANK ACCOUNT</u> Table before Council quarterly report of all withdrawals from primary bank account.	MFMA (S11 4(a) (b) )	MUNICIPAL MANAGER	31-Jan-12
42	<u>MFMA PRIORITIES</u> Quarterly completion and submission of MFMA implementation priorities.	Circular 38 and MFMA (S 52(d) )	MUNICIPAL MANAGER	31-Jan-12

	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
43		<u>MTREF ALLOCATIONS</u> Allocations from National and Provincial Governments and District Municipality are reviewed for incorporation into the 2012/2013 draft budget for tabling.	MFMA (S 36)	MUNICIPAL MANAGER AND CFO	31-Jan-12
44		<u>SUBMISSION OF ANNUAL REPORT</u> Submission of Annual Report to Auditor-General (AG), Provincial and National Treasuries (PT & NT) as well as the Department of Housing and Local Government (DHLG)	MFMA (S 127(5) )	MUNICIPAL MANAGER	31-Jan-12
45		<u>PUBLICATION OF ANNUAL REPORT</u> Annual Report is published for public comments and representations.	MFMA (S 127(5) )	MUNICIPAL MANAGER	31-Jan-12
46	February 2012	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Feb-12
47		<u>ADJUSTMENT BUDGET</u> Tabling of adjustment budget and considering half yearly actual and projections.	MFMA (S 28)	EXECUTIVE MAYOR	28-Feb-12
48		<u>TARIFFS</u> Finalization of tariffs (rates and service charges) policies for the 2011/2012 financial year.	MSA (S 74 & 75)	COUNCIL	28-Feb-12
49		<u>NATIONAL AND PROVINCIAL CONSULTATIONS</u> Consult with National & Provincial Treasuries, District Council, DWAF and Eskom to finalize plans for water, sanitation and electricity etc.(Sector Plans).	MFMA (S 21(2) )	EXECUTIVE MAYOR	28-Feb-12
50	March 2012	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Mar-12
51		<u>REVIEW OF PRICES</u> Prices of bulk resources are reviewed and changes noted.	MFMA (S 42)	MUNICIPAL MANAGER	23-Mar-12

	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
52	March 2012	<u>MTREF TABLING</u> The Draft Annual Budget for 2012/2013 to 2013/2014 for revenue and expenditure, Budget plans from directors, Table A1 to A10, and all supporting documentation as required by Gazette 32141 are tabled to council for noting. This includes the budget resolution and the proposed revisions to the IDP.	MFMA (S 16,22 & 23) MSA (CHAP 4)	EXECUTIVE MAYOR	31-Mar-12
53		<u>OVERSIGHT REPORT</u> Adoption of oversight report and comments on 2010/2011 Annual Report. Publication of oversight report.	MFMA (129) AND MSA (21)	COUNCIL	31-Mar-12
54	April 2012	<u>PUBLICATION AND SUBMISSIONS</u> Publications of tabled Budgets, Resolutions, Plans and proposed revisions to IDP and invite local community to comment, and submission to National and Provincial Treasuries and other forums to submit comments (21 days for inputs).	MFMA (S 22 & 27) MSA (CHAP 4)	MUNICIPAL MANAGER	1-Apr-10
55		<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Apr-12
56		<u>IMBIZO MONTH</u> Series of consultations in various wards through IMBIZOS to inform constituents of the 2011/2012 Budget and IDP.	MFMA (S 23) MSA (CHAP 4)	EXECUTIVE MAYOR	12 - 15 Apr-12
57		<u>REVISING BUDGET DOCUMENTS</u> Revision of budget documents in accordance with consultative processes and taking into account the results from National and Provincial Treasuries, public comments as well as the third quarterly review of current year.	MFMA (S 21)	MUNICIPAL MANAGER	30-Apr-12
58		<u>MFMA QUARTERLY SCM REPORTING</u> Submit quarterly report on Implementation of Supply Chain Management Policy.	SCM Reg 6 (3)(4)	CHIEF FINANCE OFFICER	30-Apr-12



	PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
59		<u>MFMA QUARTERLY BUDGET REPORTING</u> Submit quarterly report for service delivery and budget implementation.	MFMA (S 52)	EXECUTIVE MAYOR	30-Apr-12
60		<u>PRIMARY BANK ACCOUNT</u> Table before Council quarterly report of all withdrawals from primary bank account.	MFMA (S11 4(a) (b) )	MUNICIPAL MANAGER	30-Apr-12
61		<u>MFMA PRIORITIES</u> Quarterly completion and submission of MFMA implementation priorities.	Circular 38 and MFMA (S 52(d) )	MUNICIPAL MANAGER	30-Apr-12
62	May 2012	<u>CONSOLIDATION OF INPUTS FROM STAKEHOLDERS</u> The final views of public, National & Provincial Treasuries and other organs of state are consolidated. The Mayor is provided the opportunity to respond to submissions from consultations and to table amendments to council for consideration.	MFMA (S 23 & 24) MSA (CHAP 4)	EXECUTIVE MAYOR	6-May-11
63		<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-May-12
64	May 2012	<u>FINAL MTREF</u> Preparation of the final budget documentation for consideration for approval at least 30 days before the start of the budget year (1 July 2012 - 30 June 2013) taking into other new information of material nature.	MFMA (S 23)	MUNICIPAL MANAGER	17-May-12
65		<u>APPROVAL OF THE BUDGET AND IDP</u> Council approves annual budget, resolutions, setting of taxes and tariffs. Council approves changes to IDP and measurement of performance objectives for revenues by source and expenditure by vote.	MFMA (S 16,24,26 AND 53 )	COUNCIL	31-May-12
66	June 2012	<u>PUBLICATION OF BUDGET AND IDP</u> The adopted budget, IDP and plans are published.	MFMA (S 75 & 87)	MUNICIPAL MANAGER	1-Jun-12

PERIOD	ACTIVITY	REF	RESPONSIBILITY	TARGET DATE
67	<u>MFMA REPORTING</u> Submit Monthly report on the budget to the Mayor, Accounting Officer, Provincial and National Treasury	MFMA (S 71)	CHIEF FINANCE OFFICER	12-Jun-12
68	<u>SDBIP</u> Submission to the mayor no later than 14 days after the approval of the budget a draft of the SDBIP'S and annual performance agreements required by sections 57 (1)(b) of MSA.	MFMA (S 69) MSA (S 57(1) )	MUNICIPAL MANAGER	16-Jun-12
69	<u>APPROVAL OF THE SDBIP'S</u> Approval of SDBIP's 28 days after final approval of the budget and to ascertain that annual performance contracts are concluded in accordance of section 57(2) of MSA. It must be ensured that annual performance agreements are linked to measurable performance objectives approved with the budget.	MFMA (S 53) MSA (S 38 - 45 & 57(2) )	EXECUTIVE MAYOR	30-Jun-12
70	<u>DELEGATIONS</u> System of delegation is reviewed and any changes are approved by council.	MFMA (S 59,79 & 72) MSA (S 59 - 65)	EXECUTIVE MAYOR	30-Jun-12
71	<u>SUBMISSION OF SDBIP'S</u> The approved SDBIP's and performance agreements are submitted to MEC for Local government and are published within 14 days after approval.	MFMA (S 53) MSA (S 38 - 45 & 57(2) )	MUNICIPAL MANAGER	30-Jun-12

LEGEND : MFMA : Municipal Finance Management Act (56 of 2003)

MSA : Municipal Systems Act (32 of 2000)

SCM Reg : Supply Chain Management Regulations (Gazette 27636: May 2005)

### COMMENT ON THE ANNUAL REPORT PROCESS

It was so challenging to adjust to the utilization of the new annual report template that was introduced by the National Treasury to be used by municipalities for their reporting.

## CHAPTER 2

### GOVERNANCE

#### COMPONENT A

## POLITICAL AND ADMINISTRATIVE *Governance*

### 2.1 POLITICAL GOVERNANCE

Phokwane municipality has eighteen (18) Councillors, i.e. 1 for COPE, 1 for AZAPO, 3 for DA and 13 for ANC.

#### THE EXECUTIVE COMMITTEE (EXCO):

Clr Vuyisile Khen (Chairperson – Mayor)  
Clr Flora Pitso  
Clr Horatious Modiakgotla  
Clr Sinah Lewis

#### PORTFOLIO COMMITTEES:

##### CORPORATE SERVICES SUB-COMMITTEE

Clr Molifi Chakane (Chairperson)  
Clr Anna Moremong  
Clr Dawie Meyer  
Clr Crocket Adams

##### TECHNICAL SERVICES SUB-COMMITTEE

Clr Pasma Mona (Chairperson)  
Clr Dibung Meza  
Clr Stoffel Mokale  
Clr Petro Nel

#### SOCIAL & COMMUNITY SERVICES SUB-COMMITTEE

Clr Flora Pitso (Chairperson)  
Clr Sandy Mokoena  
Clr Samuel Nkomo  
Clr Sinah Lewis

#### FINANCE SUB-COMMITTEE

Clr Horatious Modiakgotla (Chairperson)  
Clr Daphney Mashorie  
Clr Freddy Mojapele  
Clr Gaopalelwe Motebe



POLITICAL STRUCTURE



**MAYOR**  
Vuyisile Khen



**SPEAKER**  
Dieketseng Moeketsi



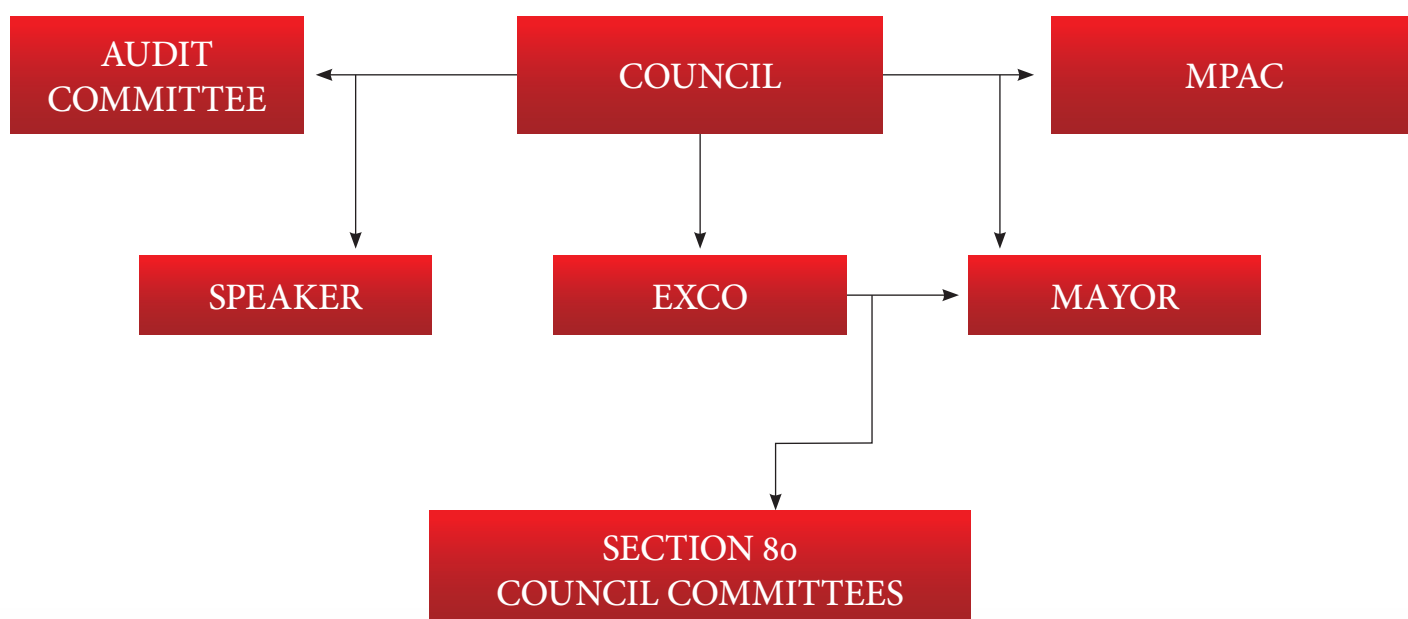
**Exco**

From Left: Moeketsi Dichaba (Municipal Manager), Clr Horatious Modiakgotla,  
Clr Flora Pitso, Clr Sinah Lewis, Clr Vuyisile Khen (Mayor – Chairperson)

## COUNCILLORS

	SURNAME	NAME	GENDER	POSITION / WARD	PARTY
1.	Khen	Vuyisile	M	PR 1	ANC
2.	Moeketsi	Dieketseng Maria	F	PR 2	ANC
3.	Mona	Pasna	M	PR 3	ANC
4.	Mashorie	Kerileng Daphney	F	PR 4	ANC
5.	Moremong	Omphentse	F	PR 5	ANC
6.	Modiakgotla	Horatius Moatlhodiemang	M	Ward 8	ANC
7.	Pitso	Flora Ontsheketse	F	Ward 3	ANC
8.	Chakane	Molifi	M	Ward 9	ANC
9.	Riet	Ishmael	M	Ward 1	ANC
10.	Meza	Dibueng	F	Ward 5	ANC
11.	Mojapele	Mongale Freddy	M	Ward 2	ANC
12.	Mokoena	Andrew Sandy	M	Ward 4	ANC
13.	Adams	Crockette Johannes Shimane	M	Ward 7	ANC
14.	Nel	Petro Johan	M	Ward 6	DA
15.	Meyer	Dawie	M	PR	DA
16.	Lewis	Sinah	F	PR	DA
17.	Motebe	Gaopalelwe Morwa	M	PR	AZAPO
18.	Nkomo	Samuel	M	PR	COPE

## POLITICAL DECISION TAKING



## 2.2 ADMINISTRATIVE GOVERNANCE

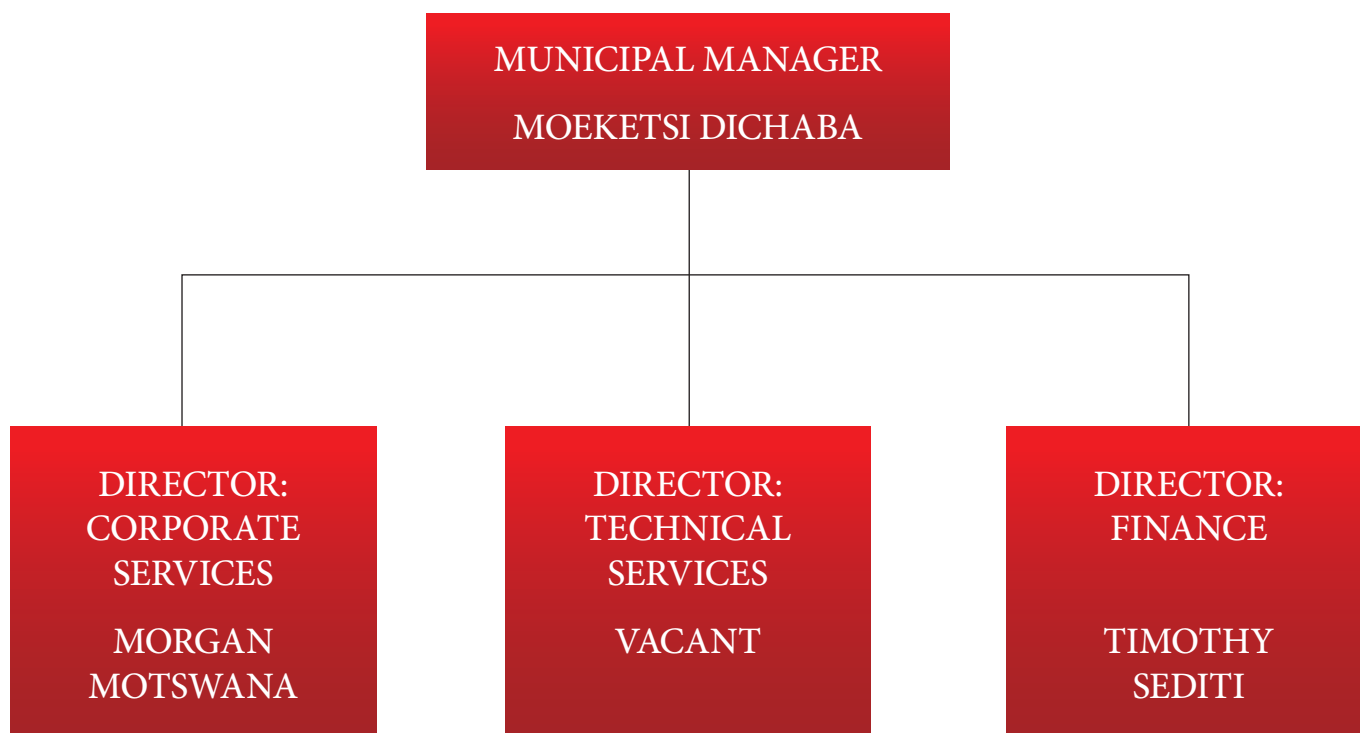
### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager of Phokwane Municipality is Mr Moeketsi Dichaba. There are 3 Directorate, i.e Corporate Services, Finance, and Technical Services.

Director for Corporate Services – Mr Morgan Motswana

Director for Finance (CFO) – Mr Timothy Peter Sediti

Director for Technical Services – The post is vacant.





TOP ADMINISTRATIVE STRUCTURE



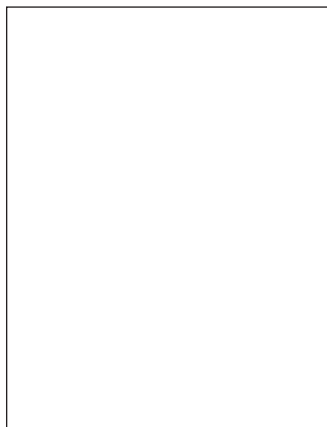
**MUNICIPAL MANAGER**

Moeketsi Dichaba



**DIRECTOR:  
CORPORATE SERVICES  
& DEV. PLANNING**

Morgan Motswana



**DIRECTOR:  
TECHNICAL  
SERVICES**

Vacant



**DIRECTOR:  
FINANCE**

Timothy Sediti

## COMPONENT B

# INTERGOVERNMENTAL *Relations*

## 2.3 INTERGOVERNMENTAL RELATION

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Provincial Intergovernmental Forum is attended by districts and government departments. The Municipality was invited to Special / Extended Provincial Intergovernmental Forum. In those meetings, Executive Mayors / Mayors and Municipal Managers were invited to participate in the forum. In those forums matters such as Clean Audits 2014 and Service Delivery are discussed. The forum is chaired by the Premier his / her delegate. There were 3 Extended Provincial Intergovernmental meetings in the previous year.

### DISTRICT INTERGOVERNMENTAL STRUCTURES

There is a District Intergovernmental Forum chaired by the District Executive Mayor. All Mayors and Municipal Managers of the locals in Frances Baard District Municipality forms part of the structure. There were meetings for District Intergovernmental Forum in the district. The locals and the district are determining the agenda of the District Intergovernmental Forum.

## COMPONENT C

### *Public*

## ACCOUNTABILITY & PARTICIPATION

### 2.4 PUBLIC MEETINGS

#### COMMUNICATION, PARTICIPATION AND FORUMS

#### WARD COMMITTEES

#### PUBLIC MEETINGS

Nature and Purpose of meeting	Date of events	Number of participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members	Dates and manner of feedback given to the community	
					Dates	Feedback
IDP Meeting (Ward 1)	26 January 2012	4 Councillors	15 Officials	273	06 Nov 2012	There is a project taking place for water All the concerns should be registered with Ward Committees on daily basis.
IDP Meeting ( Ward 2)	30 January 2012	4 Councillors	15 Officials	203	13 Nov 2012	The maintenance of roads and other municipal facilities will be attended to We will strive to create more jobs The department should intervene on the issue of housing
IDP Meeting ( Ward 3)	31 January 2012	4 Councillors	15 Officials	91	08 Nov 2012	All the inputs given will be entered into the IDP Document for intervention from other departments Renovation of community hall will be attended to



IDP Meeting ( ward 4)	05 February 2012	4 Councillors	15 Officials	45	11 Nov 2012	There is insufficient land but the municipality is trying very hard to find the means to provide people with land
IDP Meeting ( Ward 4)	05 February 2012	4 Councillors	15 Officials	95	18 Nov 2012	
IDP Meeting (Ward 5)	08 February 2012	4 Councillors	15 Officials	273	14 Nov 2012	Electrification of 127 site is taking place There is a need of land which the Municipality is trying to address The issues will be entered into the IDP for intervention from Provincial and National department
IDP Meeting (Ward 6)	02 February 2012	4 Councillors	15 Officials	31	22 Nov 2012	There is a project taking place to fence grave yard The issue of renaming of streets its in process
IDP Meeting (Ward 6)	09 February 2012	4 Councillors	15 Officials	86		
IDP Meeting (Ward 7)	06 February 2012	4 Councillors	15 Officials	127	29 Nov 2012	Complains should be registered with the Councillor and Ward Committees on daily basis
IDP Meeting (Ward 8)	07 February 2012	4 Councillors	15 Officials	119	18 Nov 2012	We will try and ensure that we contribute in job creation.
IDP Meeting (Ward 9)	12 February 2012	4 Councillors	15 Officials	62	02 Dec 2012	

**COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD.**

Please note that feedback on IDP / Budget it is done on quarterly basis when councillor hold ward meetings as well as any other matters concerning the affairs of the Municipality, but as a requirement the IDP review should give a report back to communities. Hence we constructed this report on the basis of IDP / Budget meetings to show reports to communities on issues raised on consultative meetings and the accountability on the responsibilities of the Municipality.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

### IDP PARTICIPATION AND ALIGNMENT CRITERIA

### YES / NO

Does the municipality have impact, outcome, input, output indicators?	No
Does the IDP have priorities, objectives, KPI's, developmental strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPI's in the strategic plan?	Yes
Do the IDP KPI's align to the Section 57 Managers?	Yes
Do the IDP KPI's lead to functional area KPI's as per the SDBIP?	Yes
Do the IDP KPI's align the provincial KPI's on the 12 outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T2.5.1

## COMPONENT D

### *Corporate* GOVERNANCE

## 2.6 RISK MANAGEMENT

Management of Phokwane Municipality is responsible for risk management, to identify, evaluate and treat loss exposures and monitor risk control and financial resources to mitigate the adverse effect of loss within the municipality.

## 2.7 ANTI-CORRUPTION AND FRAUD

Phokwane subscribes to the principles of good corporate governance, which requires the conducting business in an honest and transparent fashion.

Consequently, Phokwane is committed to fighting fraudulent behavior at all levels within the organization.

### **FRAUD AND ANTI-CORRUPTION STRATEGY**

The Plan is premised on the organization core ethical values driving the business of Phokwane, the development of its systems, policies and procedures, interactions with ratepayers, the public and other stakeholders, and even decision-making by individual managers representing the organization. This means that in practice all departments and other business units of Phokwane and even external stakeholders must be guided by the Plan as the point of reference for their conduct in relation to Phokwane.

In addition to promoting ethical conduct within Phokwane, the Plan is also intended to assist in preventing, detecting, investigating and sanctioning fraud and corruption.

This dynamic document details the steps, which have been, and will continually be taken by Phokwane to promote ethical conduct and address fraud and corruption.

## 2.8 SUPPLY CHAIN MANAGEMENT

The Supply Chain Section in the Financial Department is handling purchases and procurement on a centralized basis and is seriously understaffed to handle the volume of Requisitions and Orders for services and goods. This is affecting the performance of the Section and is compromising compliance to the SCM policy and MFMA. The main advantages brought by the SCM Section are the following:

- Centralized purchases has minimized the duplication of purchases and being able to monitor budget availability and reduce the possibility of irregular and unnecessary spending.
- Rotation of suppliers whereby more equal opportunities are provided to all service providers and offer opportunities to PDI suppliers.



- Keeping a data base of suppliers has improved the process to obtain quotations and implement the Preferential Procurement Policy.

The SCM section is however impeded in its functionality due to;

- A growing trend not to comply with the SCM policy and procedures
- Repeated use of the same suppliers to a limited number of service providers registered in specialized categories.
- Officials in other departments still obtaining quotations and
- Lack of proper contract management.

The quarterly and monthly supply chain reports reflects the deviations from the supply chain management policy and procedures that was submitted to Council for condonation. The following table depicts the number and value of acquisitions for the year and also number and value of tenders \ acquisitions above the R100 000.00 threshold:

PERIOD	VALUE OF PURCHASES / ORDERS PER QUARTER / YEAR (EXCLUDING TENDERS)	Nr OF ORDERS PER QUARTER / YEAR	AVERAGE AMOUNT OF PURCHASES / ORDERS PER QUARTER (EXCLUDING TENDERS)	AMOUNT ORDERS ABOVE R100,000 (INCLUDING TENDERS) PER QUARTER / YEAR	Nr OF ORDERS ABOVE R100 000 (INCLUDING TENDERS) PER QUARTER / YEAR	AVERAGE AMOUNT OF ORDERS ABOVE R100 000 (INCLUDING TENDERS) PER QUARTER / YEAR
Jul – Sep 2011	R523,114	27	R19,375	R118,942	1	R118,942
Oct – Dec 2011	R970,098	41	R23,661	R69,101,809	5	R13,820,362
Jan - Mar 2012	R608,315	29	R20,976	R4,608,079	6	R768,013
Apr – Jun 2012	R716,825	32	R22,401	R7,149,604	10	R714,960
<b>Total</b>	<b>R2 818,352</b>	<b>129</b>	<b>R21,848</b>	<b>R80,978,434</b>	<b>22</b>	<b>R6,748,203</b>
Ave per month	R234,863	10.75	R21,848	R6,748,203	1.8	R3,749,003

The municipality awarded in total 129 purchase orders to the value of R2,818,353 million and this excludes tenders that were awarded during this period. The number of acquisitions above R100,000 are 22 and amounts to R80,978,434 million and consists of both written formal quotations and tenders above R200,000. Unauthorized expenditure reported under note 31.01 to the annual financial statements amount to R171,356 million and fruitless and wasteful expenditure as per note 31.02 to the annual financial statement constitutes R263,491.00. The total of irregular expenditure incurred throughout the year as a result of deviation from supply chain management policy and procedures amounted to R3,480,118 million and the details hereof are disclosed in terms of the Disclosure note 39.03 to the annual financial statements.

The main reasons for the deviation from the Supply Chain Policy can be ascribed to the following factor; only one quotation obtained, urgent and emergency purchases, the availability of only a single service provider. The municipal stores have carried stock to the value of R1, 283 041 as at the 31 June 2012.

Remedial actions necessary to ensure optimal compliance with MFMA section 110-119 and SCM regulations of 2005 includes amongst others:-

To ensure that the SCM policy is reviewed and updated before the next financial year that will provide clarity on the following aspects:

- Delegations
  - Functioning of Committees
  - Authorization procedures
  - Procurement procedures
  - Fixed supply and term contracts
  - Deviation
  - Reporting
  - Service Level Agreements etc.
- That provision is made for additional human resources on the organizational structure
  - That provision is made on the 2012/13 budget to upgrade the information technology and facilities to allow the Section to function effectively
  - That new procedures and systems is developed and implemented to improve the entire competitive bidding process to be policy compliant
  - That a standard documentation pack is designed to enable the quick pre-qualification of tenders and reduce the lead time of preparation for evaluation and adjudication
  - That the functionality of the Committee system is reviewed and procedures developed and implemented to ensure the quick turnaround time of committees and be compliant to SCM

That a standard Service Level Agreement (SLA) template is developed to regulate all approved tenders

- Implement a single file system for each tender to allow the proper archiving of all tender documents and provide a auditable paper trail
- To develop procedures for the supply of regular items on a fixed term basis i.e. stationery, fuel, repairs, chemicals, standard stock items, etc.
- Develop standard pack of management / council reports as required by the SCM policy
- Implement regular management review / oversight process
- That all the SCM staff receives specialist training in terms of policy application and procedures

## 2.9 BY- LAWS

### BY-LAWS INTRODUCED DURING YEAR 1

Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Initiation By-Law	NONE	N/A	N/A	N/A	N/A

### COMMENTS ON BY-LAWS:

Initiation By-Laws were passed during 2011 / 2012.

## 2.10 WEBSITES

### MUNICIPAL WEBSITES: CONTENT AND CURRENCY OF MATERIAL

Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget related documents	Yes	29/09/2012
All current budget-related policies	N/A	
The previous annual report (Year 0)	Yes	20/06/2011
The annual report (Year 1) published / to be published	Yes	10/10/2012
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 1) and resulting scorecards.	Yes	20/06/2011
All service delivery agreements (Year 1)	N/A	
All long-term borrowing contracts (Year 1)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 1	Yes	07/07/2011
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1.	N/A	
Contracts agreed in Year 1 to which subsection (1) of section 33 apply, subject to subsection (3) of that section.	N/A	
Public-private partnership agreements referred to in section 120 made in Year 1	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 1.	N/A	
<i>Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep this community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		

### COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

- Effort is to ensure that required information is put on the site for the development of our IT system.
- The website administrator will be appointed to assist with our IT system.
- The municipal website is accessible by logging into [www.phokwane.gov.za](http://www.phokwane.gov.za)

### PUBLIC SATISFACTION LEVELS

#### COMMENTS ON SATISFACTION LEVELS:

No survey was done but will be considered in future.



## CHAPTER 3

### SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

#### COMPONENT A

#### *Basic* SERVICES

### 3.1 WATER PROVISION

#### WATER SERVICE DELIVERY LEVELS

##### HOUSEHOLDS

Description	2008/2009	2009/2010	2010/2011	2011/2012
	Actual No.	Actual No.	Actual No.	Actual No.
<b>Water:</b> (above min level)				
Piped water inside dwelling	5205	5 206	6 656	6 656
Piped water inside yard (but not in dwelling)	4 026	4 026	7 033	7 033
Using Public tap (within 200m for dwelling)	2 284	2 284	2 171	2 171
Other water supply (within 200m)	1 274			
Minimum Service Level and Above Percentage	90%	90%	90%	90%
<b>Water:</b> (below min level)	1 122	1 122	1 122	1 122
Using public tap (more than 200m from dwelling)	562	562	562	562
No water supply	1 684	1 684	1 684	1 684
Below Minimum Service Level sub-total	10.9%	9.6%	9.6%	9.6%
Below Minimum Service Level Percentage	15 453	17 544	17 544	17 544
<b>Total number of households*</b>				
* To include informal settlements				T3.1.3

## HOUSEHOLDS – WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM

### HOUSEHOLDS

Description	2008/2009	2009/2010	2010/2011	2011/2012		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>FORMAL SETTLEMENTS</b>						
Total households	15 453	17 544	17 544	17 544	17 544	17 544
Households below minimum service level	1 684	1 684	1 684	1 684	1 684	1 684
Proportion of households below minimum service level	10.9%	9.6%	9.6%	9.6%	9.6%	9.6%
<b>INFORMAL SETTLEMENTS</b>						
Total households						
Households is below minimum service level						
Proportion of households is below minimum service level						

## EMPLOYEES: SOLID & WASTE MANAGEMENT SERVICES

### HARTSWATER / PAMPIERSTAD UNIT

Job Level	Year 2010/2011	Year 2011/2012	
	Employees No.	Posts No.	Employees No.
T2 (Gen Workers)	15	15	2
T5 (Tractor Driver)	0	2	2
T6 (Truck Driver)	7	9	2
T11 (Team Leader)	0	2	2

## FINANCIAL PERFORMANCE YEAR 1: WATER SERVICES

R'000

Details	2010/2011	2011/2012			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	41 235 262	20 726 921	24 692 957	31 699 543	52.94%
Expenditure:					
Employees	3 336 782	4 697 172	4 321 299	3 698 280	-21.26%
Repairs and Maintenance	480 003	371 807	688 352	774 043	108.18%
Other	18 664 649	22 884 113	28 948 638	26 950 848	17.77%
<b>Total Operational Expenditure</b>	22 481 434	27 953 093	33 958 289	31 423 171	12.41%
<b>Net Operational Expenditure</b>	18 753 828	-7 226 172	-9 265 332	276 372	

**CAPITAL EXPENDITURE - YEAR 1: WATER SERVICES**

R'000

Details	Original Budget	Year 1			
		Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	633 500	633 500	1 751 529	176.48%	1 751 529
Project A – Provision of Water: Pampierstad	260 000	260 000	259 569	-0.17%	260 000
Project B – Provision of Water: Molelwane	160 000	160 000	160 000	0.00%	160 000
Project C – Provision of water: Andalusia Park	140 000	140 000	117 954	-15.75%	140 000
Project C: Water equipment & tools	73 500	73 500	72 458	-1.42%	73 500
Project D: Sakhile Bulk Water Line	-	-	1 141 548	-	-
Total All	633 500	633 500	1 751 529	176.48%	1 751 529

**COMMENT ON WATER SERVICES PERFORMANCE OVERALL:**

The municipality succeeded in achieving most of its performance targets set for water services for the 2011/2012 financial year by implementing and completing the following projects:

- The installation of water to 37 sites in Pampierstad Unit 2 at a total cost of R 259 569 thousand initially estimated at about R 260 000 thousand.
- The installation of water to 22 sites in Molelwane Unit 2 at a total cost of R 160 000 thousand initially estimated at R 160 000 thousand.
- The installation of water to 19 sites in Andalusia Park at total cost of R 117 954 thousand, initially estimated at R 140 000 thousand.



## 3.2 WASTE WATER (SANITATION) PROVISION

### SANITATION SERVICE DELIVERY LEVELS

#### HOUSEHOLDS

Description	2008/2009	2009/2010	2010/11	2011/2012
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<b>SANITATION / SEWERAGE (ABOVE MINIMUM LEVEL)</b>				
Flush toilet (connected to sewerage)	9 018	9 018	11 964	11 964
Flush toilet (with septic tank)	1 018	1 018	308	308
Chemical toilet	-	-	33	33
Pit toilet (ventilated)	891	891	853	853
Other toilet provisions (above min service level)	10 927	10 927	13 158	13 158
Minimum Service Level and above				
Sub-total				
Minimum Service Level and above				
Percentage				
<b>SANITATION / SEWERAGE: (BELOW MINIMUM LEVEL)</b>				
Bucket toilet	184	184	323	323
Other toilet provisions (below min.service level)	1 331	1 331	2 428	2 428
No toilet provisions	1 329	1 329	1 637	1 637
Below Minimum Service Level sub-total	2 844	2 844	4 388	4 388
Below Minimum Service Level				
Percentage				
Total households				

### EMPLOYEES: WATER SUPPLY & WASTE WATER

#### HARTSWATER / PAMPIERSTAD UNIT

Job Level	Year 0	Year 1	
	Employees No.	Posts No.	Employees No.
T3 (Gen Workers)	9	9	9
T6 (Plant Operator)	7	9	2
T9 (Team Leader)	1	2	1

**FINANCIAL PERFORMANCE YEAR 1: SOLID WASTE MANAGEMENT SERVICES**

R'000

Details	2010/2011	2011/2012			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	6 628 435	8 397 800	8 562 929	6 660 722	-21%
Expenditure:					
Employees	935 870	3 521 486	1 812 520	1 399 784	-60%
Repairs and Maintenance	169 890	604 865	642 449	336 314	-44%
Other	492 636	4 625 043	3 646 390	3 649 146	-20%
<b>Total Operational Expenditure</b>	1 598 396	8 751 394	6 101 359	5 385 244	-38%
<b>Net Operational Expenditure</b>	5 030 039	-353 594	2 461 570	1 275 478	-461%

**CAPITAL EXPENDITURE YEAR 1: WASTE MANAGEMENT SERVICES**

R'000

Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	14 922 536	14 922 536	5 106 500	9 816 036	
Project A	8 038 900	8 038 900	4 904 165	3 134 735	1 769 430
Project B	0	0	264 035	264 035	
Project C	0	0	123 281	123 281	
Project D	0	0	61 581	61 581	

**COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:**

The savings on employee related costs can largely be ascribed to the high vacancy rate that existed throughout 2011/2012. Most of these positions are expected to be filled during the course of 2012/2013. The process of developing a GRAP compliant asset register started in 2010/2011 . This asset register together with credible and realistic operations and maintenance strategy to be developed, will serve as a tool to ensure that performance on set repairs and maintenance objective and targets are achieved.

No major capital programmes were identified and approved by Council during the 2011/2012 financial year under review.

## 3.3 ELECTRICITY

TASK GRADES	NUMBER OF EMPLOYEES	NUMBER OF POSTS	NUMBER OF VACANCIES
T4 (General Worker)	4	4	0
T6 (Truck Driver)	2	2	0
T13 (General Superintendent)	1	1	0
T11 (Senior Electrician)	0	1	1
T10 (Electrician)	0	1	1

### COMMENT ON ELECTRICITY SERVICES

The municipality is experiencing high turnover in so far this service is concerned, despite our efforts of building capacity by recruiting unemployed qualifying individuals and training them to acquire the necessary skills. The high turnover is caused by competition with private sector, which at times pay more.

Despite the challenge of high turnover, we continue to render services for our communities with very less skilled personnel. It is the municipality commitment to continue to recruit young qualifying graduates as part of learnership and internship program. Also partnership has been formed with certain accredited training institute to skill these learners and interns, e.g. De Beers Training Institute.

## 3.4 FREE BASIC SERVICES & INDIGENT SUPPORT

FREE BASIC SERVICES TO LOW INCOME HOUSEHOLDS										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	
2009/10	972	972	534	54.94%	972	100%	696	71.61%	972	100%
2010/11	1167	1167	523	44.82%	1167	100%	673	57.67%	1167	100%
2011/12	1808	1808	1605		1808		1111	57.67	1808	100%

### FINANCIAL PERFORMANCE YEAR 1:

#### COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED

Services Delivered	2010/11	2011/2012			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	380 425	2 589 013	1 378 472	566 073	21.86%
Waste Water (Sanitation)	380 425	2 589 013	1 378 472	566 073	21.86%
Electricity	380 425	2 589 013	1 378 472	566 073	21.86%
Waste Management (Solid Waste)	380 425	2 589 013	1 378 472	566 073	21.86%
<b>Total</b>	<b>1 521 700</b>	<b>10 356 052</b>	<b>5 513 886</b>	<b>2 264 292</b>	<b>21.86%</b>



## COMPONENT B

*Road*  
TRANSPORT

## 3.5 ROADS

## ROADS &amp; STORM WATER

## HARTSWATER &amp; PAMPIERSTAD

Task Grades	Number of Employees	Number of Posts	Number of Vacancies
T3 (General Worker)	4	8	4
T6 (Grade Operator)	3	3	6
T10 (Team Leader)	1	2	1

## FINANCIAL PERFORMANCE YEAR 1: ROADS STREETS AND STORMWATER SERVICES

R'000

Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	6 524 975	8 056	8 056	3 093 653	38301%
Expenditure:					
Employees	3 802 846	1 300 436	4 263 909	4 105 334	216%
Repairs and Maintenance	412 005	905 759	949 460	851 547	-6%
Other	1 322 830	3 065 122	2 202 299	2 790 410	-9%
<b>Total Operational Expenditure</b>	5 537 681	5 271 317	7 415 688	7 747 291	47%
<b>Net Operational Expenditure</b>	987 294	-5 263 261	-7 407 632	-4 653 638	11.58%

## CAPITAL EXPENDITURE YEAR 1: ROAD SERVICES

R'000

Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	6 654 341	6 654 341	3 215 644	51.68%	
Project A – Street & Stormwater 900 houses Pampierstad	2 000 000	2 000 000	3 191 284	59.56%	
Project B - Street 7 Stormwater 19 Sites Andalusia park	118 341	118 341	-	-	
Project C – Equipment & Tools FBDM	-	-	24 360	-	
Project E – Kingston EPWP Access road project	536 000	536 000	-	-	
Project F – Upgrading of Bulkstorm Water Ganspan	2 000 000	2 000 000	-	-	
Project G – Upgrading of Bulkstormwater Pampierstad	2 000 000	2 000 000	-	-	

## PERFORMANCE OF ROADS OVERALL:

Phokwane municipality's vote structure provides for the clustering of Roads Street and storm water into single programme or cost center. It is therefore important to note storm water projects will not be separately discussed below but is already included under roads. The original budget for roads, street and storm water before Council's adjustment estimates, projected an over expenditure of about R 2,5 million or 47% for the financial year 2011/2012. This amount was reduced to R 331 603 thousand or 4.47% after the adjustment budget was approved by Council in February 2012. Employee related costs were grossly under provided for in the past due to the incorrect allocation of employee related cost to other cost centers. This was corrected through the adjusted budget mentioned in the above. Repairs and maintenance and other expenditure show variances below the 10% norm from Council's planned targets.

## COMPONENT C

### *Planning* & DEVELOPMENT

#### 3.6 PLANNING

LAND USE APPLICATIONS	FINANCIAL YEAR	2011/2012
	Number of Applications Received	8
	Number of Applications for Township establishment	1
	Number of Applications for Rezoning	2
	Number of Applications for Subdivision	6
	Number of Applications Approved	5
	Number of Applications not yet approved	3
	Number of Applications withdrawn	0

#### 3.7 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

##### ECONOMIC ACTIVITY BY SECTOR

R'000

Sector	Year -1	Year 0	Year 1
Agric, forestry and fishing	0	0	0
Mining and quarrying	0	0	0
Manufacturing	0	0	0
Wholesale and retail trade	0	0	0
Finance, property, etc.	0	0	0
Govt, community and social services	0	0	0
Infrastructure services	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>



## ECONOMIC EMPLOYMENT BY SECTOR

### JOBS

Sector	Year -1 No.	Year 0 No.	Year 1 No.
Agric, forestry and fishing	0	0	0
Mining and quarrying	0	0	0
Manufacturing	0	0	0
Wholesale and retail trade	0	0	0
Finance, property, etc.	0	0	0
Govt, community and social services	0	0	0
Infrastructure services	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

## COMMENT ON LOCAL JOB OPPORTUNITIES

There are no direct projects running that are financed by the municipality. There are two projects that are running but not funded by Phokwane, i.e Kgotso Woodworks and Tree Planting Project (Talafatsa Baagisanyi) which has employed seven people around our Phokwane Jurisdiction.

## JOBS CREATED DURING YEAR 1 BY LED INITIATIVES (Excluding EPWP projects)

Total jobs created / Top 3 initiatives	Jobs created	Jobs lost / displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created / lost
Total (all initiatives)	7	0	7	

## JOB CREATION THROUGH EPWP\* PROJECTS

Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -1	1	26
Year 0	1	26
Year 1	1	26

## JOB CREATION THROUGH EPWP\* PROJECTS

Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -1	1	26
Year 0	1	26
Year 1	1	26

## LED SERVICES

Task Grades	Number of Employees	Number of Posts	Number of Vacancies
T11 – T15	1	3	2

## FINANCIAL PERFORMANCE YEAR 1: LOCAL ECONOMIC DEVELOPMENT SERVICES

R'000

Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	5 300	5 336	-	0.7%
Expenditure:					
Employees	-	-			
Repairs and Maintenance	-	-			
Other	73 766	296 215	308 197	250 785	-15%
Total Operational Expenditure	73 766	296 215	308 197	250 785	-15%
Net Operational Expenditure	73 766	290 915	302 861	250 785	-13%

## CAPITAL EXPENDITURE YEAR 1: LOCAL ECONOMIC DEVELOPMENT SERVICES

R'000

Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	-	-
Project A	-	-	-	-	-
Project B	-	-	-	-	-
Project C	-	-	-	-	-
Project D	-	-	-	-	-

## COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

This unit was not fully functional during the 2010/2011 financial year. Spending on this programme was confined to expenditure relating to general expenses and license fees paid to the amount of R 65,815 and R 7,950 in 2010/2011 and R 250,785 in 2011/2012 respectively. General expenses includes costs such advertising, printing, stationery, training, telephone, subsistence and traveling

This unit was not fully functional during the 2010/2011 financial year. Spending on this programme was confined to expenditure relating to general expenses and license fees paid to the amount of R 65,815 and R 7,950 in 2010/2011 and R 250,785 in 2011/2012 respectively. General expenses includes costs such advertising, printing, stationery, training, telephone, subsistence and traveling.

## COMPONENT D

### *Communication* & SOCIAL SERVICES

#### 3.8 LIBRARIES, ARCHIVES, MUSEUM, GALLERIES, COMMUNITY FACILITIES, OTHER (THEATRES, ZOOS, ETC)

<b>KEY INDICATOR</b>		Jul 11	Aug 11	Sept 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mrt 12	Apr 12	May 12	June 12	Ave 12 months	Comments/ Statements
<b>Nr of new library memberships</b>		76	129	115	104	71	39	114	141	103	119	96	61	1168.0	
Hartswater		29	55	33	39	11	9	27	29	19	31	27	12	321.0	
Bonita Park		2	5	5	3	6	6	22	15	7	23	17	10	121.0	
Pampierstad		16	31	37	19	17	8	15	22	3	14	12	20	214.0	
Jan Kempdorp		29	37	37	40	30	16	40	71	68	45	38	19	470.0	
Ganspan		0	1	3	3	7	0	10	4	6	6	2	0	42.0	
<b>Nr of Library Development Programs Introduced</b>		10	1	11	2	4	0	1	1	4	8	4	5	51	
Hartswater		2	0	2	0	1	0	0	0	0	1	1	1	8	
Bonita Park		2	1	3	1	1	0	1	1	1	2	1	2	16	
Pampierstad		2	0	2	0	0	0	0	0	1	1	0	1	7	
Jan Kempdorp		2	0	2	0	1	0	0	0	1	2	1	1	10	
Ganspan		2	0	2	1	1	0	0	0	1	2	1	0	10	
<b>Amount of book losses per area</b>		R9178.13												R9178.13	
Hartswater		R4791.83	0	0	0	0	0	0	0	0	0	0	0	R4791.83	
Bonita Park		R719.15	0	0	0	0	0	0	0	0	0	0	0	R719.15	
Pampierstad		R0.00	0	0	0	0	0	0	0	0	0	0	0	R0.00	
Jan Kempdorp		R3667.15	0	0	0	0	0	0	0	0	0	0	0	R3667.15	
Ganspan		R0.00	0	0	0	0	0	0	0	0	0	0	0	R0.00	
<b>Amount of books recovered</b>		R528.74												R528.74	
Hartswater		R102.97	0	0	0	0	0	0	0	0	0	0	0	R102.97	
Bonita Park		R84.91	0	0	0	0	0	0	0	0	0	0	0	R84.91	
Pampierstad		R0.00	0	0	0	0	0	0	0	0	0	0	0	R0.00	
Jan Kempdorp		R340.86	0	0	0	0	0	0	0	0	0	0	0	R340.86	
Ganspan		R0.00	0	0	0	0	0	0	0	0	0	0	0	R0.00	



## KEY INDICATOR

Ave 12 months  
Comments/  
Statements

	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mrt 12	Apr 12	May 12	June 12	16	
<b>Nr of books lost recovered</b>	<b>16</b>												<b>16</b>	
Hartswater	4	0	0	0	0	0	0	0	0	0	0	0	4	
Bonita Park	2	0	0	0	0	0	0	0	0	0	0	0	2	
Pampierstad	0	0	0	0	0	0	0	0	0	0	0	0	0	
Jan kempdorp	10	0	0	0	0	0	0	0	0	0	0	0	10	
Ganspan	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Nr of Visits by Library Transformation Officer</b>	<b>19</b>	<b>22</b>	<b>28</b>	<b>18</b>	<b>22</b>	<b>0</b>	<b>24</b>	<b>22</b>	<b>19</b>	<b>49</b>	<b>24</b>	<b>25</b>	<b>272</b>	
Hartswater	2	0	2	1	1	0	12	14	12	22	12	12	90	
Bonita Park	11	20	20	14	18	0	12	2	4	12	10	7	130	
Pampierstad	2	1	2	1	0	0	0	2	1	3	0	2	14	
Jan Kempdorp	2	1	2	1	2	0	0	2	1	8	1	2	22	
Ganspan	2	0	2	1	1	0	0	2	1	4	1	2	16	
<b>Nr of new books /library items introduced/ Purchased</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>561</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>353</b>	<b>0</b>	<b>48</b>	<b>962</b>	
Hartswater	0	0	0	0	193	0	0	0	0	126	0	16	335	
Bonita Park	0	0	0	0	101	0	0	0	0	60	0	16	177	
Pampierstad	0	0	0	0	108	0	0	0	0	58	0	16	182	
Jan Kempdopr	0	0	0	0	97	0	0	0	0	66	0	0	163	
Ganspan	0	0	0	0	62	0	0	0	0	43	0	0	105	
<b>Nr of Internet &amp; e-mail users</b>	<b>90</b>	<b>280</b>	<b>619</b>	<b>413</b>	<b>130</b>	<b>241</b>	<b>345</b>	<b>289</b>	<b>309</b>	<b>327</b>	<b>475</b>	<b>290</b>	<b>3808</b>	
Hartswater	20	90	345	295	47	182	168	163	170	180	310	230	2200	
Bonita Park	20	40	62	23	25	11	34	30	34	30	30	10	349	
Pampierstad	20	60	56	40	20	22	86	46	52	60	70	30	562	
Jan Kempdorp	20	70	156	42	30	26	40	40	38	42	50	20	574	
Ganspan	10	20	0	13	8	0	17	10	15	15	15	0	123	
<b>Nr of books circulated per month</b>	<b>7519</b>	<b>8679</b>	<b>7528</b>	<b>7616</b>	<b>7487</b>	<b>5790</b>	<b>6237</b>	<b>8064</b>	<b>7954</b>	<b>7097</b>	<b>6917</b>	<b>6626</b>	<b>87514</b>	
Hartswater	2125	2297	1888	2223	2092	1663	1877	2161	2156	1689	1579	1739	23489	
Bonita park	1018	1201	1036	1205	979	522	569	1442	1140	1198	1513	956	12779	
Pampierstad	940	1032	1041	977	1005	569	688	971	994	1001	1014	1018	11250	
Jan Kempdorp	3172	3686	3191	2787	3029	2777	2728	3030	3267	2644	2279	2635	35225	
Ganspan	264	463	372	424	382	259	375	460	397	565	532	278	4771	

## KEY INDICATOR

	Jul 11	Aug 11	Sept 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mrt 12	Apr 12	May 12	June 12	Ave 12 months	Comments/ Statements
<b>Nr of customer complaint received</b>														
Hartswater	2	2	3	4	0	0	0	0	1	2	0	0	18	New books & Late newspapers Internet time must be increase Opening hours to be increase Book donations
Bonita Park	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pampierstad	0	0	0	0	0	0	0	2	0	1	0	0	0	Library used for meetings without consulting Librarian
Jan Knepdorp	0	0	0	4	3	0	0	1	0	0	0	0	8	Very Hot in Library Children travel far to library
Ganspan	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Nr of complaints resolved</b>														
Hartswater	1	1	2	0	0	0	0	1	1	0	0	0	9	Newspapers early Increase internet time. Did donate books.
Bonita Park	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pampierstad	0	0	0	0	0	0	0	1	0	0	0	0	1	
Jan kempdorp	0	0	0	1	0	0	0	1	0	0	0	0	2	In process for new air -conditioners & Library for Valspan
Ganspan	0	0	0	0	0	0	0	0	0	0	0	0	0	

## KEY INDICATOR

	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mrt 12	Apr 12	May 12	June 12	Ave 12 months	Comments/ Statements
<b>Nr of compliments received</b>	0	0	0	0	0	0	0	1	0	0	0	0	1	
Hartswater	0	0	0	0	0	0	0	1	0	0	0	0	1	New Library.
Bonita Park	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pampierstad	0	0	0	0	0	0	0	0	0	0	0	0	0	
Jan Kempdorp	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ganspan	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Nr of literacy learning programmes</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	
Hartswater	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bonita Park	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pampierstad	0	0	0	0	0	0	0	0	0	0	0	0	0	
Jan Kempdorp	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ganspan	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Sundry income received for copies</b>	<b>R194.18</b>	<b>R697.50</b>	<b>R1014.5</b>	<b>R448.</b>	<b>R251.</b>	<b>R472.00</b>	<b>R788.5</b>	<b>R651.75</b>	<b>R1052.4</b>	<b>R470.</b>	<b>R512.00</b>	<b>R258.00</b>	<b>R6809.83</b>	
Hartswater	R5.60	R29.20	R10.00	R0.00	R92.00	R70.00	R141.	R42.70	R50.70	R71.00	R75.00	R86.00	R673.20	
Bonita Park	R79.58	R52.30	R154.00	R0.00	R0.00	R0.00	R0.00	R0.00	R211.70	R0.00	R0.00	R69.00	R566.58	
Pampierstad	R109.00	R140.00	R336.00	R0.00	R0.00	R351.00	R0.00	R100.	R120.00	R240.	R210.00	R0.00	R1606.00	
Jan Kempdorp	R0.00	R476.00	R514.50	R448.	R159.	R51.00	R647.50	R509.05	R670.00	R159.	R227.00	R103.	R3964.05	
Ganspan	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
<b>Sundry income received for printing</b>	<b>R166.00</b>	<b>R460.00</b>	<b>R35.00</b>	<b>R0.00</b>	<b>R0.00</b>	<b>R130.00</b>	<b>R199.40</b>	<b>R18.00</b>	<b>R35.00</b>	<b>R106.</b>	<b>R0.00</b>	<b>R5.00</b>	<b>R1154.40</b>	
Hartswater	R0.00	R230.00	R0.00	R0.00	R0.00	R130.00	R199.40	R18.00	R0.00	R106.	R0.00	R0.00	R683.40	
Bonita park	R112.00	R10.00	R35.00	R0.00	R0.00	R0.00	R0.00	R0.00	R35.00	R0.00	R0.00	R5.00	R197.00	
Pampierstad	R54.00	R220.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R274.00	
Jan kempdorp	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Ganspan	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
<b>Sundry income received for DVD's &amp; CD's</b>	<b>R104.00</b>	<b>R24.00</b>	<b>R80.00</b>	<b>R8.00</b>	<b>R56.00</b>	<b>R84.00</b>	<b>R16.00</b>	<b>R0.00</b>	<b>R24.00</b>	<b>R8.00</b>	<b>R0.00</b>	<b>R32.00</b>	<b>R436.00</b>	
Hartswater	R16.00	R24.00	R32.00	R8.00	R56.00	R0.00	R16.00	R0.00	R8.00	R8.00	R0.00	R16.00	R184.00	
Bonita Park	R16.00	R0.00	R8.00	R0.00	R0.00	R0.00	R0.00	R0.00	R16.00	R0.00	R0.00	R16.00	R56.00	
Pampierstad	R72.00	R0.00	R40.00	R0.00	R0.00	R84.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R196.00	
Jan Kempdorp	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Ganspan	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
<b>Sundry income received for Fines</b>	<b>R71.00</b>	<b>R715.00</b>	<b>R514.50</b>	<b>R452.</b>	<b>R300.00</b>	<b>R290.50</b>	<b>R430.50</b>	<b>R960.00</b>	<b>R391.00</b>	<b>R626.</b>	<b>R606.50</b>	<b>R685.00</b>	<b>R6042.00</b>	
Harstwater	R71.00	R450.00	R427.00	R420.	R240.00	R228.00	R408.00	R840.	R300.00	R584.	R259.00	R555.	R4782.00	
Bonita Park	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R19.00	R0.00	R0.00	R0.00	R19.00	
Pampierstad	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Jan Kempdorp	R0.00	R265.00	R87.50	R32.00	R60.00	R62.50	R22.50	R120.00	R72.00	R42.00	R347.5	R130.	R1241.00	
Ganspan	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	



## KEY INDICATOR

	Jul 11	Aug 11	Sept 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mrt 12	Apr 12	May 12	June 12	Ave 12 months	Comments/ Statements
Sundry income received for Lost/Damagebooks	R32.76	R30.80	R121.96	R30.80	R32.95	R0.00	R0.00	R116.90	R0.00	R0.00	R0.00	R395.15	R761.32	
Hartswater	R32.76	R30.80	R0.00	R0.00	R32.95	R0.00	R0.00	R59.95	R0.00	R0.00	R0.00	R140.0	R296.46	
Bonita Park	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Pampierstad	R0.00	R0.00	R82.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R82.00	
Jan kempdorp	R0.00	R0.00	R39.96	R30.80	R0.00	R0.00	R0.00	R56.95	R0.00	R0.00	R0.00	R255.15	R382.86	
Ganspan	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	
Sundry income received for internet usage	R368.00	R394.00	R292.00	R254.	R40.00	R70.00	R208.00	R342.7	R769.00	R1058	R808.00	R132.00	R4735.70	
Hartswater	R152.00	R196.00	R56.00	R232.	R40.00	R70.00	R8.00	R6.70	R237.00	R439.	R288.00	R132.	R1856.70	
Bonita Park	R10.00	R108.00	R124.00	R0.00	R0.00	R0.00	R0.00	R0.00	R150.00	R0.00	R0.00	R0.00	R392.00	
Pampierstad	R206.00	R90.00	R112.00	R0.00	R0.00	R0.00	R200.00	R300.	R330.00	R460.	R400.00	R0.00	R2098.00	
Jan kempdorp	R0.00	R0.00	R0.00	R22.00	R0.00	R0.00	R0.00	R36.00	R52.00	R159.	R120.00	R0.00	R389.00	
Ganspan	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	

## DEVELOPMENT PROGRAMMES

KEY INDICATOR	Nr. OF PEOPLE	DESCRIPTION OF PROGRAMS
July/ 11	118	Mandela Mondays & Mandela day Celebrations
August/11	40	Women's day celebration
	34	Teenagers Discussion groups
September/11	100	Heritage day celebrations
	50	World book week
	30	Teenagers Discussion groups
	40	Story reading
October/11	30	Teenagers Discussion groups (Social Issues)
	30	Teenage pregnancy (Joint Program with Dept. of Health)
November /11	469	Crèche week
December/11		
January/12	30	Teenagers Club
February/12	30	Teenagers Club
March/12	30	Girls club
	34	Poetry session with Magareng & Dikgatlong Municipalities
April/12	52	World book day celebrations
	35	Freedom day celebrations
May/12	30	Girls club
	60	Child protection week
	30	Crèche visits library
June/12	30	Girls club
	53	Youth day celebrations
	16	Puzzle Competition Grade R's
	30	Library orientation ( Old age visits)

BASELINE		
Nr of Library members		
Hartswater	3351	
Bonita Park	2718	
Pampierstad	1116	
Jan Kempdorp	6485	
Ganspan	455	

<b>TOTAL Nr of books/reading items</b>	<b>14 125</b>	
Hartswater	18145	
Bonita Park	9585	
Pampierstad	5489	
Jan Kempdorp	20970	
Ganspan	2960	
<b>TOTAL</b>	<b>57149</b>	

## LIBRARY TRANSFORMATION OFFICER VISITS/PROGRAM

AREA & PURPOSE	NR OF PEOPLE REACHED	TOPIC/PURPOSE
All Libraries	118	Mandela Mondays & Mandela day
All Libraries	40	Women's day celebrations
All Libraries	100	Heritage day celebrations
B/park & Hartswater Libraries	50	World book week
4 Libraries	34	Poetry session with Magareng & Dikgatlong Municipalities
Jan Kempdorp & Ganspan libraries	60	Child Protection week.
Bonita Park Library	30	Girls reading club Every Friday
All Libraries	52	World Book day celebrations
Pampierstad Library	53	Youth day celebrations
Bonita Park Library	30	Old age Club/visits
All libraries	469	Crèche week
Ganspan & Jan Kempdorp Libraries	35	Freedom day celebrations with the elderly

## PROJECTS IMPLEMENTED

### 1. APPOINTMENT OF LIBRARY STAFF:

- 2 Full time Library Assistants appointed
- 1 Part-time library Assistant appointed
- 3 Cleaners appointed but ,1 Cleaner appointed only for 7 months

### 2. TRAINING OF STAFF

- 5 Staff members attend the LIASA Conference - East London
- 6 Staff members attend the 4th Northern Cape Library Services Symposium- Kuruman



**3. INFORMATION COMMUNICATION TECNOLOGY**

Purchased 10 new PC's

Monitoring of alarms

Maintenance of Photocopy machines

Purchased PA Sound System

**4. CONSUMABLE ITEMS**

Purchased 3M book Security strips

Marking of Library Vehicle.

**5. LTO TRAVEL EXPENCES**

Attend 4th NC Library Services Symposium - Kuruman

Attend Meeting- Upington

Attend Senior Librarian & LTO Workshop- Kimberley

**6. CURRENT AWARENESS**

Purchased Newspapers and Periodicals

**7. INFRASTRUCTURE DEVELOPMENT**

Erection of Car Port Shade –Hartswater Library

**8. RENOVATIONS**

Blinds for Pampierstad Library

**9. FURNITURE**

Purchased Jolly tables & Chairs for Ganspan Library.

**10. AIR-CONDITIONING**

Installation of Air- Conditioners at Jan Kempdorp & Bonita Park Libraries

**11. GARDEN**

Erection of Garden and purchased Patio Umbrellas - Hartswater Library

**12. LIBRARY MATERIAL**

Purchased Tertiary books

**LIBRARIES**

Task Grades	Number of Employees	Number of Posts	Number of Vacancies
T3 – T11 (Administration)	15	17	2

## FINANCIAL PERFORMANCE YEAR 1:

LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHER SERVICES

R'000

Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	813 975	765 800	939 216	622 417	-18.72%
Expenditure:					
Employees	1 304 532	1 621 034	1 684 267	1 304 532	19.52%
Repairs and Maintenance	-	0	0	0	0
Other	128 486	870 294	1 073 790	450 695	-48.21%
<b>Total Operational Expenditure</b>	1 433 018	2 491 329	2 758 057	1 755 227	-29.55%
<b>Net Operational Expenditure</b>	-619 043	-1 725 529	- 1 818 841	-1 132 810	-34.35

## CAPITAL EXPENDITURE YEAR 1:

LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHER SERVICES

R'000

Capital Projects	2011/2012				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	50 000	50 000	30 741	38.52%	50 000
Project A: Office Furniture & Equipment	50 000	50 000	30 741	38.52%	50 000

## COMMENT ON THE PERFORMANCE OF LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHER (THEATRES, ZOOS, ETC) OVERALL:

- Library services are generally performed by the municipality on behalf of the Department of Sports, Arts & Culture. An amount of R 920 000 thousand rand was received as a provincial allocation to fund both operational activities and capital investments during 2011/2012. The total cost of rendering this service to the municipality amounted to R 1,8 million for the 2011//2012 financial year.
- Information Technology accessibility; most of our libraries are provided with computers as part of improving information technology to our broader community since thus internet connectivity.
- Library Transformation Program is also an effort of trying to promote library usage by the youth and the public. This program has schedule of activities to undertake as part of achieving the objective of making library services accessible to the general public.
- Physical location of our libraries is also an issue raised in particular in the Valspan Township (Jan Kempdorp). Through our engagement with the relevant department, this urgent matter will be addressed in the following years.

## COMMUNITY FACILITIES: HALLS

Our community facilities in particular halls are in a bad state as a result of vandalism experienced. Our ability to address this problem to dilapidated facilities is constrained by our ability to raise adequate revenue, since some of these facilities, e.g. Valspan, Andalusia and Pampierstad will require huge financial / capital investments to return them to good functional state.

## 3.9 CEMETRIES AND CREMATORIALS

### PARK & CEMETRIES

Task Grade	Number of Employees	Number of Posts	Number of Vacancies
T2 (General Worker)	9	9	9
T6 (Tractor Driver)	7	9	2
T9 (Team Leader)	1	2	1

### FINANCIAL PERFORMANCE YEAR 1: CEMETRIES AND CREMATORIALS SERVICES

R'000

Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	74 200	50 000	50 000	79 273	58.55%
Employees	218 219	41 123	41 123	228 284	455.13%
Repairs and Maintenance	39	50 630	26 990	17 520	-65.39%
Other	10 752	125 959	131 669	69 107	-45%
<b>Total Operational Expenditure</b>	229 010	176 589	199 781	314 911	78.33%
<b>Net Operational Expenditure</b>	-154 810	-126 589	-149 781	-235 638	-86.14%

### COMMENT ON THE PERFORMANCE OF CEMETRIES & CREMATORIALS OVERALL:

Revenue derived from burial fees were 58.6% more than the R 50 thousand rand that were anticipated in the beginning of the budget year. The municipality exceeded its approved budgeted expenditure with 78.33% as a result of an over expenditure on employee related cost. Employee related cost were considerably under estimated by 455.13% with originally budget for the 2011/2012. This can be ascribed to an incorrect classification of employees to incorrect cost centers during the compilation of the annual budget.

Other operational activities such as repairs and maintenance shows an under spending of 65.39% followed by general expenses with almost 45%.



## COMPONENT E

*Environmental*  
PROTECTION

## 3.10 BIO-DIVERSITY, LANDSCAPE AND OTHER

FINANCIAL PERFORMANCE YEAR 1: BIO-DIVERSITY, LANDSCAPE AND OTHER					R'000
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees		-	-	-	-
Repairs and Maintenance	-	30 490	12 473	-	-
Other	27 480	105 060	110 988	58 999	-43.84%
Total Operational Expenditure	27 480	135 550	123 465	58 999	-56.47
Net Operational Expenditure					

## 3.11 FIRE

**COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:**

Fire services and disaster management does not form part of the core programmes of the municipality at this stage. This function is coordinated at a district level where the district is rendering this service as shared service to the local municipalities. The expenditure reported in the above are relating to cost such as insurance, fuel, telephone costs and stationery.

## COMPONENT F

### *Sport* AND RECREATION

## 3.12 SPORT AND RECREATION

### SERVICE STATISTICS FOR SPORT, PARKS AND RECREATION

#### PARK & CEMETRIES

Task Grade	Number of Employees	Number of Posts	Number of Vacancies
T2 (General Worker)	9	9	9
T6 (Tractor Driver)	7	9	2
T9 (Team Leader)	1	2	1

#### FINANCIAL PERFORMANCE YEAR 1: SPORTS, PARKS AND RECREATION

R'000

Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	3 267	9 121	9 121	25 601	180.68%
Expenditure:					
Employees	1 117 568	6 943 917	3 387 349	1 243 672	-82.09%
Repairs and Maintenance	256 441	233 540	292 345	212 127	-9.17%
Other	318 172	710 050	387 313	312 523	-55.99%
<b>Total Operational Expenditure</b>	1 692 181	7 887 507	4 067 007	3 820 500	-51.56%
<b>Net Operational Expenditure</b>	1 688 914	878 386	-4 057 886	3 820 500	-48.49%

## CAPITAL EXPENDITURE YEAR 1: SPORTS AND RECREATION

R'000

Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	170 000	170 000	20 658	-87.85%	170 000
Project A: Tools & Equipment	170 000	170 000	20 658	87.85%	170 000

## COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

The municipal vote structure provide for sports, caravan, parks and recreation under community services. The financial information contained in the above depicts the financial performance of these three together. The municipal spent R 1,2 million of its R 6,9 million rand originally appropriated salaries and wages budget for period ended 30 June 2012. The variance between appropriated repairs and maintenance and actual expenditure for until 30 June 2012 is 9.17%. There was a general under expenditure of R 3,8 million or 51.56% from the planned operating expenditure.



## COMPONENT G

### *Corporate Policy Offices* AND OTHER SERVICES

#### 3.13 EXECUTIVE AND COUNCIL

##### POLITICAL OFFICE

Task Grades	Number of Employees	Number of Posts	Number of Vacancies
T7 – T15	7	7	0

FINANCIAL PERFORMANCE YEAR 1: THE EXECUTIVE AND COUNCIL					R'000
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	37 222 116	42 015 364	42 167 805	58 052 984	15 885 179
Expenditure:					
Employees	4 582 615	5 965 466	6 049 969	5 517 186	532 783
Repairs and Maintenance	0	75 318	67 024	46 680	20 344
Other	3 872 455	5 474 377	4 695 951	4 461 172	234 779
<b>Total Operational Expenditure</b>	8 455 070	11 515 161	10 812 944	10 025 038	787 906

##### COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

The available revenue sources to fund the operating activities of Council and Executive can be described as the equitable share, municipal systems improvement grant, sale of ervens as well revenue derived from buildings plans. Revenue raised under Council Executive is with R 16 million or 38.17% above the anticipated revenue expected to be derived from the equitable share allocation. This additional funding became available during the third quarter of the financial year that ended 30 June 2012.

The appropriated expenditure on this vote was exceeded with R 6,9 million or 59.61% for the period that ended 30 June 2012. The over expenditure on the Council and Executive vote can largely be ascribed to the R 8.4 million provision that was made in respect of debt impairment towards the end of the financial year 2011/2012, which were not provided for in the beginning of the year

### 3.14 FINANCIAL SERVICES

<b>DEBT RECOVERY</b>							R'000	
Details of the types of account raised and recovered	Year 0		Year 1		Year 2			
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in year	Estimated outturn for accounts billed in year	Estimated proportion of accounts billed that were collected %
<b>Property Rates</b>	6132459		16913485				10402600	
<b>Electricity – B</b>			4819103.98				2607236	
<b>Electricity – C</b>	29957870		32631591.70				35280379	
<b>Water – B</b>			2328870.16				2704219	
<b>Water – C</b>	30674917.82		16958859.10				20935977	
<b>Sanitation</b>	7771900.40		8528517.68				9074293	
<b>Refuse</b>	8428802.26		9475316.18				5852647	
<b>Other</b>	216601.59		217107.12				462482.60	
		53.69%			57.7%			

<b>FINANCIAL PERFORMANCE YEAR 1: FINANCIAL SERVICES</b>							R'000	
Details	Year 0		Year 1					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget			
<b>Total Operational Revenue</b>	12 247 018	14 001 188	18 095 936	13 081 867	-6.57%			
Expenditure:								
Employees	6 033 376	8 821 336	6 940 685	7 540 948	-14.52			
Repairs and Maintenance	38 514	162 264	169 670	52 515	-67.64			
Other	38 532 295	6 400 235	7 102 221	9 999 844	56.24%			
<b>Total Operational Expenditure</b>	44 604 185	15 383 835	14 212 576	17 593 307	14.36%			
<b>Net Operational Expenditure</b>	32 357 167	-1 382 647	-3 883 360	-4 511 440	226.29%			

CAPITAL EXPENDITURE YEAR 1: FINANCIAL SERVICES					R'000
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	601 000	601 000	260 036	-56.73%	601 000
Project A: Computer Equipment	481 000	481 000	157 621	-67.23%	481 000
Project B: Motor vehicle	120 000	120 000	102 415	-14.65%	120 000

### COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

Revenue raised for the period that ended 30 June 2012 amounted to R 13,1 million. This represents a variance of 6.57% from the R 14,1 million that was initially expected. Revenue consist of interest earned, grant and subsidies received and property taxes.

The expenditure budget under this vote was overspent with R 2,2 million or 14.36% as a result of debt impairment charges of R 2,1 million that was expensed but not budgeted for. The under expenditure on employee related cost of 14.52 % can be attributed to the number of positions that were still vacant at 30 June 2012.

An amount of R 601 thousand was set aside to procure movable assets such as computer equipment and a delivery van for credit control purposes. Of the R 481 000 thousand rand set aside to buy computer equipment, R 157 thousand was used for this purposes. An amount of R 120 thousand rand was provided for the delivery from which actual expenditure amounted to R 102 thousand rand excluding VAT

## 3.15 HUMAN RESOURCE SERVICES

### CORPORATE SERVICES (HUMAN RESOURCES)

Task Grades	Number of Employees	Number of Posts	Number of Vacancies
T8 – T15 (Administration)	3	4	1

### FINANCIAL PERFORMANCE 2011/12: CORPORATE SERVICES

R'000

Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12 184 439	391 171	103 774	1 771 954	352.99%
Expenditure:					
Employees	3 171 018	4 335 508	3 898 301	3 797 996	-12.39%
Repairs and Maintenance	292 249	454 964	438 547	146 955	-67.69
Other	2 471 778	4 991 888	4 306 537	4 021 077	-19.45%
Total Operational Expenditure	5 935 045	9 782 360	8 643 385	7 966 028	-18.57%
Net Operational Expenditure	-6 249 394	-9 391 189	-8 539 611	-6 194 074	-34.04%



CAPITAL EXPENDITURE 2011/12: CORPORATE SERVICES					R'000
Capital Projects	2011/2012				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	19 520 000	19 520 000	2 769 496	-85.81%	19 520 000
Project A: Bonita Park 127 houses	8 000 000	8 000 000	2 630 241	-67.12%	8 000 000
Project B: Ganspan 531 Houses	11 000 000	11 000 000	-	-	11 000 000
Project C Tools & Equipment	520 000	520 000	139 255	-73.20%	520 000

## COMMENT ON PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

Total operating revenue raised exceeds the annual revenue anticipated by 352.9%. The actual receipts consist of conditional grant funding received during 2011/2012. Employee related cost and repairs and maintenance is showing an under expenditure of 12.39% and 67.69% respectively. The under expenditure on employee related cost can be ascribed to turnover of staff and vacancy existing.

The capital budget made provision for the human settlement projects such Bonita Park 127 and Ganspan 531 housing projects of R 19 million to be funded by Department of COGHSTA. The municipality in agreement with the Department of COGHSTA decided that human settlement projects be directly administered by the department with. No further expenditure was incurred since the latter and this resulted in expenditure below the approved benchmark.

## INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

### SERVICE STATISTICS FOR ICT SERVICES

FINANCIAL PERFORMANCE YEAR 1: ICT SERVICES					R'000
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	54 654	227 121	171 296	0	171 296
Repairs and Maintenance	98 574	130 617	94 146	80 965	13 181
Other	1 068 991	1 151 714	494 509	607 842	113 333
Total Operational Expenditure	1 222 219	1 509 452	759 951	688 807	71 144

## CHAPTER 4

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

#### PERFORMANCE REPORT

#### COMPONENT A

### *Introduction*

### TO THE MUNICIPAL PERSONNEL

## 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

#### EMPLOYEES

Description	Year 1		
	Approved Posts No.	Employees No.	Vacancies No.
Housing	3	1	2
Traffic	12	9	3
Environmental Health	2	1	1
Library	13	11	2
Transport	3	2	1
Electricity	14	12	2
Roads & Stormwater	20	14	6
Solid Waste	20	12	8
Parks & Cemeteries	32	27	5
Cleansing	8	0	8
Refuse Removal	16	13	3
Water Supply	12	10	2
Sewerage Plant & Water Plant	33	18	15
<b>Totals</b>	<b>188</b>	<b>130</b>	<b>58</b>

## VACANCY RATE: YEAR 1

Designation	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalent No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	1
CFO	1	0	1
Other S57 Managers (excluding Finance Posts)	4	3	3
Other S57 Managers (Finance posts)	0	0	0
Police officer	N/A	N/A	N/A
Fire fighters	N/A		
Senior management: Level 13-15 (excluding Finance posts)	7	1	7
Senior management: Level 13-15 (Finance posts)			
Highly skilled supervision: levels 9-17 (excluding Finance posts)			
Highly skilled supervision: levels 9-17 (Finance posts)			
<b>Total</b>			



## COMPONENT B

# *Managing* THE MUNICIPAL WORKFORCE

## 4.2 POLICIES

### LIST OF POLICIES

1	Attendance and Punctuality Policy
2	Chronic Illness Policy
3	Confidentiality Polciy
4	Education, Tranining & Development Policy
5	Employee Study Aid Policy & Leave Policy
6	Employment Equity Policy
7	Housing Allowance Policy
8	Induction Policy
9	Induction Policy
10	Internet & E-mail Policy
11	Legal-Aid Policy for Councillors and Employees
12	Nepotism Policy
13	Occupational Health & Safety Policy
14	Private Work Policy
15	Recruitment & Selection Policy
16	Retention & Critical Skills Policy
17	Sexual Harassment Policy
18	Smoking Policy
19	Staff & Conccillors Statements to the Media Policy
20	Staff & Councillors Bereavement and Hospitalisation Policy
21	Student Assistance Policy
22	Substance Abuse Policy
23	Succession Planning Career Pathing Policy
24	Telecommunication Policy
25	Travel and Removal Expenses Policy
26	Uniform & Protective Clothing Policy
27	Unpaid Leave Policy
28	Use of Official Vehicle Policy

29	Whistle Blowing Policy
30	Work-Related Function Policy
<b>FINANCE POLICIES</b>	
1	Asset Management Policy
2	Credit Control and Debt Collection Policy
3	Indigent Support Policy
4	Investment and Cash Management Policy
5	Rates Policy
6	S & T Policy
7	Supply Chain Management Policy
8	Tariff Policy

## COMMENT ON WORKFORCE POLICY DEVELOPMENT

No new developed policies for the 2011 / 2012 financial year.

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

### NUMBER AND COST OF INJURIES ON DUTY

Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average injury leave per employee Days	Total Estimate Cost R'000
Required basic medical attention only	9	4			
Temporary total disablement	32	4			
Permanent disablement	0	0			
Fatal	0	0			
Total	41	8	26%	26 Days	N/A

### COMMENTS:

Total estimate for injuries costs are incurred by the Compensation Fund through the Department of Labour.

## 4.4 PERFORMANCE REWARDS

### COMMENT ON PERFORMANCE REWARDS:

No performance reward was awarded during the 2011 / 2012 financial year.

## COMPONENT C

### *Capacitating* THE MUNICIPAL WORKFORCE

#### 4.5 SKILLS DEVELOPMENT AND TRAINING

##### SKILLS MATRIX

Management level	Gender	Employees in post as at 20 June Year 1	Number of skilled employees required and actual as at 30 June Year 1						Other forms of training						Total	
			Learnerships			Skills programmes & other short courses			Target			Actual: End of Year 0			Actual: End of Year 1	
			Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1
MM and S57	Female					1	1									
	Male					3	1									
Councilors, senior officials and managers	Female					5	2		12	25						
	Male			3		1	1		17	16						
Technicians and associate professionals	Female			4		5	2		15	4						
	Male			3			1		16	19						
Clerks & Admin	Female								7							
	Male					8			16							
Labourers	Female						10									
	Male															
Total	Female													61		
	Male													45		
Sub Total	Female			3		8	4		49	32						
	Male			4		7	15		34	10						



SKILLS DEVELOPMENT EXPENDITURE												
		Original Budget and Actual Expenditure on skills development Year 1										
Management level	Gender	Employees in post as at 20 June Year 1	Learnerships			Skills programmes & other short courses			Other forms of training			Total
			Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	
	No.											
MM and s57	Female											
	Male											
Councilors, senior officials and managers	Female											
	Male											
Technicians and associate professionals	Female											
	Male											
Sub Total	Female											
	Male											
Total												
Male												

COMPONENT D

*Managing*  
THE MUNICIPAL WORKFORCE

4.6 EMPLOYEE EXPENDITURE

EMPLOYEES APPOINTED TO POSTS NOT APPROVED

Department	Level	Date of appointment	No. appointment	Reason for appointment when no established post exist
Political	Budgeted	2011 / 06/01	3	Deployment

## CHAPTER 5

### FINANCIAL PERFORMANCE

#### INTRODUCTION

The overall financial administration and MFMA compliance improved systematically during the year and the financial statements for the financial year was completed and handed to the Auditor General on time. The stable financial position of the municipality over the past years continued with a positive monthly cash flow with no overdraft facilities being used. The Municipality recorded cash receipts of R 145,4 million from rates, services charges and government grants and has resulted in net cash from operating activities to the amount of R 40,8 million. Nett cash and cash equivalents increased by R9,3 million from R 8,9 million in the previous year to R18,2 million this year. A financial surplus of more than R30,3 million is expected for this year from cash generated from operations.

#### COMPONENT A

### *Statements* OF FINANCIAL PERFORMANCE

#### NB: FINANCIAL STATEMENTS

(Refer to the Appendix H)



## FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES

Description	2010/2011	2011/2012			2011/2012 - Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
<b>Operating Cost</b>						
Water	22 482 026	27 953 093	33 958 289	31 423 171	12.41%	-7.47%
Waste Water (Sanitation)	9 449 908	16 863 871	13 616 560	11 867 911	-29.63	-12.84%
Electricity	31 317 748	45 483 660	43 989 062	35 593 500	-21.74%	-19.09%
Waste Management	1 598 396	8 751 394	6 101 359	5 385 244	-38.46%	-11.74%
Housing	1 235	-	-	10 878	-	-
<b>Component A: sub-total</b>						
Roads transport	5 427 780	5 271 317	7 415 668	7 779 680	47.59%	4.91%
<b>Component B: sub-total</b>						
Planning and development	-	-	-	-	-	-
Local Economic Development	65 816	296 215	308 197	250 785	-15.34%	-18.63%
<b>Component B: sub-total Planning (Strategic &amp; Regulatory)</b>						
<b>Component C: sub-total</b>						
Community & Social Services	4 761 341	19 175 212	16 789 083	5 184 660	-72.96%	-69.12%
Environmental Protection	-	-	-	-	-	-
Health	6 639	-	-	2 274	-	-
Security and Safety	3 965 499	135 550	123 465	4 208 833	3005%	3309%
Sport and Recreation	1 678 810	7 887 507	4 559 007	1 835 604	-76.73	-59.74%
Corporate Policy Offices and Other	6 008 389	9 782 360	8 643 385	7 966 028	-18.57%	-7.84%
Budget & Treasury Office	41 389 205		14 195 368	17 593 307		
Council & Executive	14 887 082		10 812 671	24 881 380		
<b>Total Expenditure</b>	<b>86 763 587</b>	<b>141 600 179</b>	<b>135 504 075</b>	<b>111 508 568</b>	<b>-21.25%</b>	<b>-17.71%</b>

## COMMENT ON FINANCIAL PERFORMANCE

The above table depicts the financial performance of the municipal in accordance various operational services and per general finance statistic classification. Total expenditure when compared against the original budget and adjusted budget can be describe as 21.25% and 17.71% below the approved budget.

## 5.2 GRANTS

### GRANT PERFORMANCE

R'000

Description	Year 0	Year 1			Year 1 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustment Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>						
Equitable Share	50 646 403	56 719 000	56 719 000	56 299 000	99.26	99.26
Municipal Systems Improvement	825 231	790 000	790 000	943 152	119.39	119.39
Department of Water Affairs	1 163 000	1 357 000	1 357 000	1 507 676	111.10	111.10
Levy replacement						
Other transfers/grant	1 259 499	1 500 000	1 500 000	1 137 706	75.85	75.85
<b>Provincial Government:</b>						
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation	0	757 000	920 000	599 879	79.24	65.20
Other transfers/grants						
<b>District Municipality:</b>						
[Insert description]						
<b>Other grant providers:</b>						
[Insert description]						
<b>Total Operating Transfers and Grants</b>	53 984 133	61 123 000	61 286 000	60 487 412	98.96	98.70

### OPERATING TRANSFERS AND GRANTS:

The municipal equitable share allocation for 2011/2012 constituted R 56 299 million or 93.08% of this year operating grant transfers from both national and provincial government. An amount of R 56 719 million was initially anticipated to be received as per Dora, instead R 56 299 million or 99.26% was actually accounted in respect of 2011/2012. An amount of R 420 thousand was withheld by National Treasury as a result of prior years unspent grants for which the request to roll-over was declined by National Treasury.

The municipality anticipated an amount of R 790 thousand to be derived from the Municipal Systems Improvement Grant in the beginning of the financial 2011/2012. The actual results show total income to be amounting to R 943 thousand at the end of the financial year. An over collection of R 153 thousand or 19.39%. The over collection is attributed to the previous years under spending, hence expenditure was incurred during the current financial year under review which led to revenue only being recognized during 2011/2012.

An amount of R 1 357 million was expected to be received from Department of Water Affairs to subsidized operations and maintenance for services rendered by Sedibeng Water Service Provider. Actual result shows and over collection of R 151 thousand.

Other transfers or grants represents the Municipal Finance Management Grant for which monies received for the period that ended 30 June 2012 amounted to R 1 500 million. The grant is mainly used for remunerating finance interns, capacity building, acquisition of financial systems and equipment. Revenue recognized for period 2011/2012 amounted to R 1 138 million, this is R 362 thousand or 24.13% below the anticipated amount of R1 500 million. The R 362 thousand was committed for the physical verification of both movable and immovable assets and further update of the municipal fixed asset register. Revenue will therefore only be recognized during the 2012/2013 financial year, once expenditure is incurred and provided that the roll-over request for this amount gets approval by National Treasury.

### CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The municipality did not receive any Conditional Grants from other sources except for those as per Dora and gazette on Provincial Allocation for 2011/2012.

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

The main objective of Phokwane Municipality's Assets Management Policy is:

- to ensure the effective and efficient control, utilization, safeguarding and management of a municipality's property, plant and equipment.
- To ensure asset managers are aware of their responsibilities in regards of property, plant and equipment.
- To set out the standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilisation.
- To specify the process required before expenditure on property, plant and equipment occurs.

### ASSET MANAGEMENT

The municipality is not performing very well in the area of asset management and this conclusion can be derived from Auditor-Generals report of 2011/2012. Controls around the asset register were not sufficient to provide an accurate, reliable and up to date account of assets under the control of the municipality in accordance with the standards specified in terms GRAP. This deficiency can be ascribed to shortage of resources such as the correct post levels to cater for asset management that are properly resourced. The municipal approved organogram only made provision for one position, that of an asset management clerk. This position was inappropriate given the skills requirements that position holds. There was a definite need to introduce a elevated position at a level of an accountant and this required revision and amendment to the existing organogram.

The cost of assets at the beginning of the financial year before depreciation is taken into account amounted to R 246,3 million. Accumulated depreciation amounted to R 70,1 million and the carrying value of all assets as at 30 June 2012 amounted to R 184,6 million. For the 2011/2012 financial year the municipality invested R 21,5 million in property, plant and equipment. Additions to property, plant and equipment comprises mainly out of infrastructure assets of R 21.1 million and is thus, constituting 98.14% of the total capital additions for 2011/2012. Other assets such as tools, equipment, office furniture and computer equipment was acquired for R 430 thousand.



## REPAIR AND MAINTENANCE EXPENDITURE: 2011/2012

R'000

	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4 572 452	5 121 213	4 412 493	-13.83%

## REPAIR AND MAINTENANCE EXPENDITURE:

The municipality spent R 4,4 million or 2.3 % of its actual operating expenditure on repairs and maintenance during the 2011/2012 financial year, which is below the 10 % norm set by National Treasury. Actual expenditure incurred represents 86.17% of the adjusted budgeted amount of R 5,1 million. The expenditure incurred are with regard to repairs and maintenance on municipal buildings, roads, computer network, electrical networks, motor vehicles, plant & machinery, sanitation networks system, etc.

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### CHART 1: LIQUIDITY RATIO

FINANCIAL YEAR 2011/2012

Current Assets/current liabilities = R 69 112 539/R 22 811 356 = 3:1

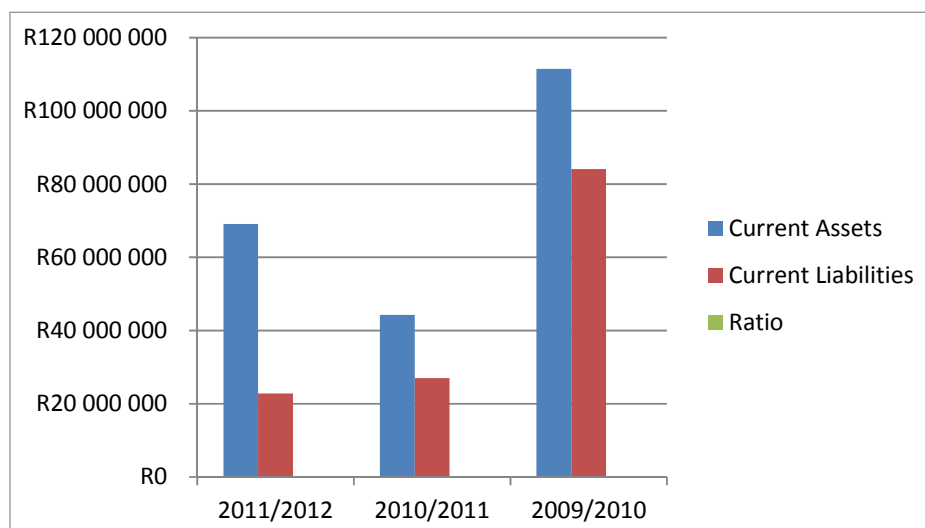
FINANCIAL YEAR 2010/2011

Current Assets/current liabilities = R 44 300 662 /R 27 004 704 = 1,64 :1

FINANCIAL YEAR 2009/2010

Current Assets/current liabilities = R 111 468 979/R 84 133 744 = 1,32 :1

### LIQUIDITY RATIO



## CHART 2: COST COVERAGE

FINANCIAL YEAR 2011/2012

(Available cash + Investments)/monthly fixed operational expenditure = R 37 024 469/116 500 580 = 0.3:1

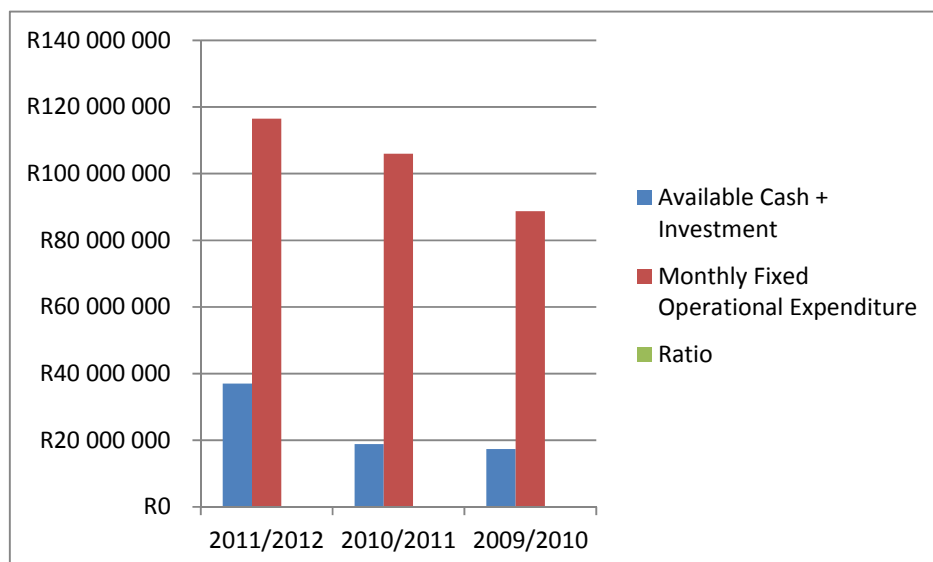
FINANCIAL YEAR 2010/2011

(Available cash + Investments)/monthly fixed operational expenditure = R 18 859 607/105 998 721 = 0.18:1

FINANCIAL YEAR 2009/2010

(Available cash + Investments)/monthly fixed operational expenditure = R 17 393 743/88 759 801 = 0.2:1

## COST COVERAGE



## CHART 3: TOTAL OUTSTANDING SERVICE DEBTORS

### FINANCIAL YEAR 2011/2012

Total outstanding service debtors/annual revenue received for services = R 148 198 536/54 038 836 = 274%

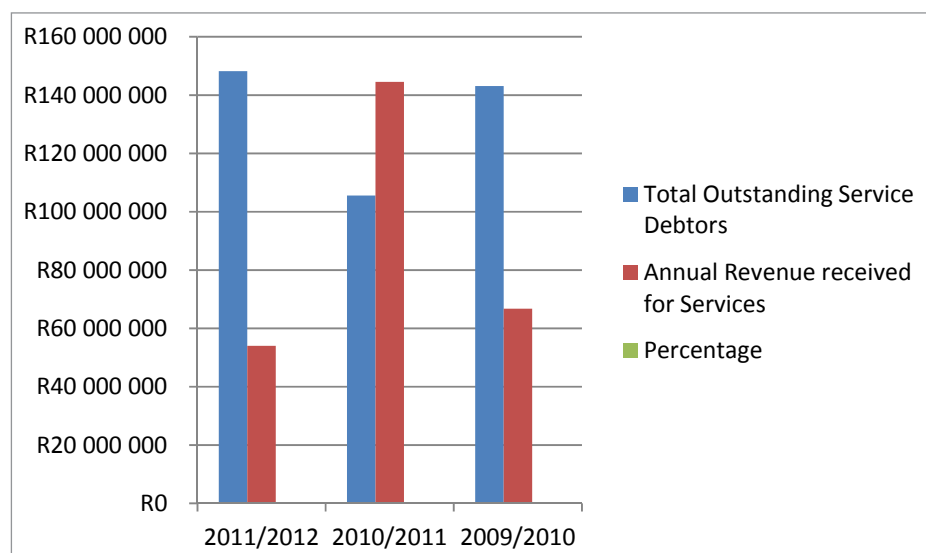
### FINANCIAL YEAR 2010/2011

Total outstanding service debtors/annual revenue received for services = R 105 541 889/144 538 206 = 73%

### FINANCIAL YEAR 2009/2010

Total outstanding service debtors/annual revenue received for services = R 143 151 033/66 761 689 = 214%

## TOTAL OUTSTANDING SERVICE DEBTORS





#### CHART 4: CAPITAL CHARGES TO OPERATING EXPENDITURE

FINANCIAL YEAR 2011/2012

Interest & Principal Paid /Operating Expenditure = R 1 364 436/R 153 983 256 = 1%

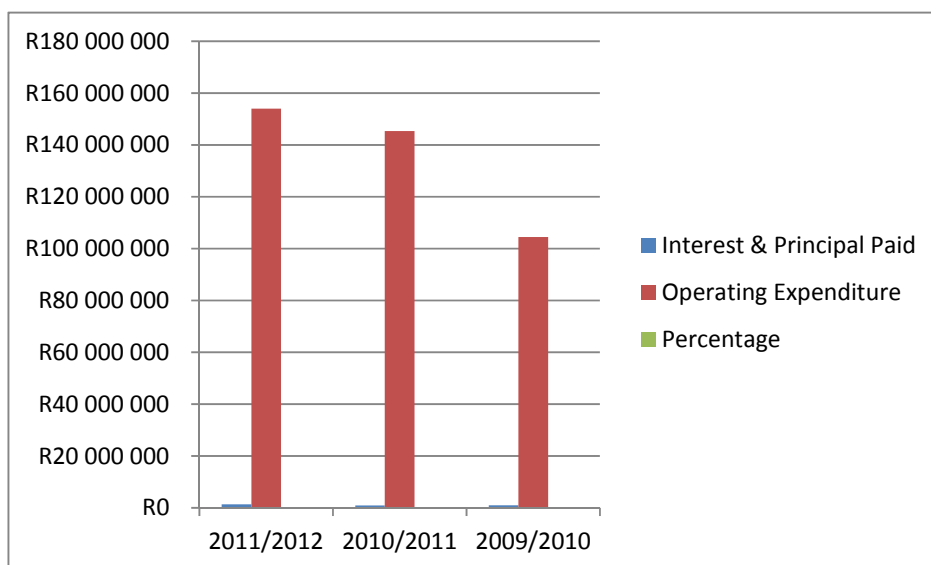
FINANCIAL YEAR 2010/2011

Interest & Principal Paid /Operating Expenditure = R 923 890/R 145 345 056 = 0.64%

FINANCIAL YEAR 2009/2010

Interest & Principal Paid /Operating Expenditure = R 987 682/R 104 523 460 = 0.94%

#### CAPITAL CHARGES TO OPERATING EXPENDITURE



## CHART 5: EMPLOYEE COSTS

FINANCIAL YEAR 2011/2012

Employee costs/(Total Revenue - capital revenue) = R 37 845 924/R 100 066 533= 37.82%

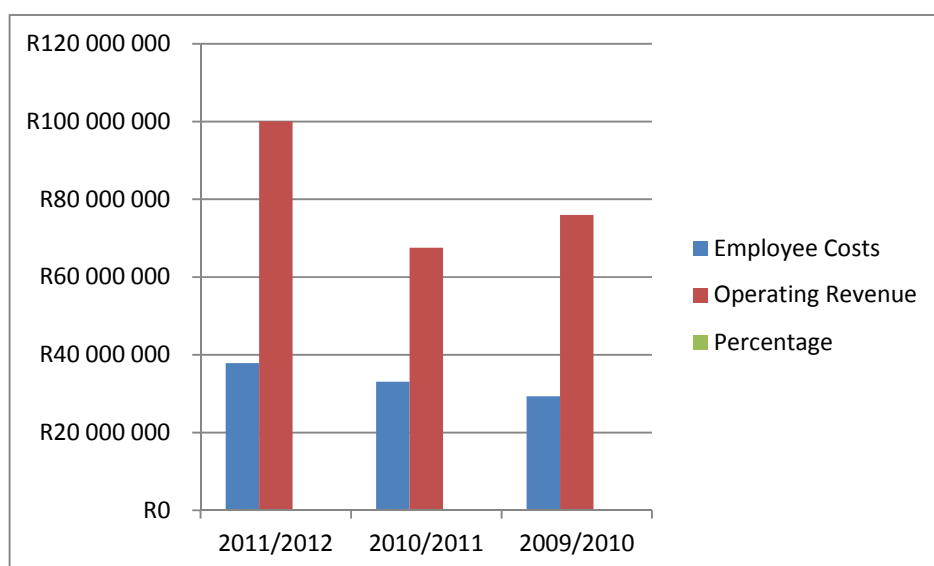
FINANCIAL YEAR 2010/2011

Employee costs/(Total Revenue - capital revenue) = R 33 095 297/R 67 541 856 = 49%

FINANCIAL YEAR 2009/2010

Employee costs/(Total Revenue - capital revenue) = R 29 353 821/R 75 953 364 = 39%

## EMPLOYEE COSTS



## CHART 6: REPAIRS & MAINTENANCE

FINANCIAL YEAR 2011/2012

$R\&M / (Total\ Revenue\ excluding\ capital\ revenue) = R\ 4\ 412\ 493 / 100\ 066\ 533 = 4\%$

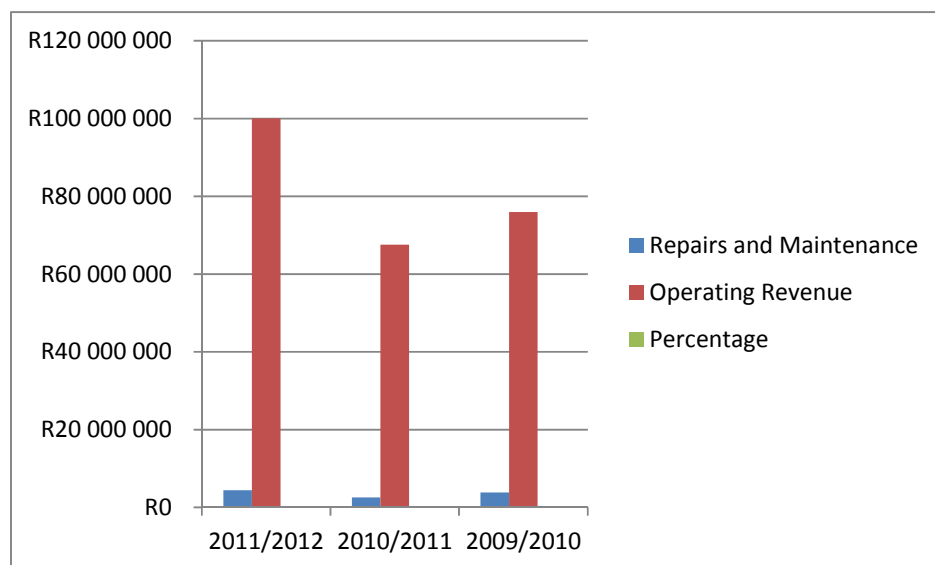
FINANCIAL YEAR 2010/2011

$R\&M / (Total\ Revenue\ excluding\ capital\ revenue) = R\ 2\ 582\ 447 / 67\ 541\ 856 = 3.8\%$

FINANCIAL YEAR 2009/2010

$R\&M\ (Total\ Revenue\ excluding\ capital\ revenue) = R\ 3\ 865\ 148 / 75\ 953\ 364 = 5\%$

## REPAIRS AND MAINTENANCE





## COMPONENT B

### *Spending* AGAINST CAPITAL BUDGET

## 5.5 CAPITAL EXPENDITURE

### CAPITAL EXPENDITURE – FUNDING SOURCES YEAR 0 TO YEAR 1

R'000

Details	Year 0	Year 1				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>						
Grants and subsidies						
Other						
<b>Total</b>						
<b>Percentage of finance</b>						
External loans						
Public contributions and donations						
Grants and subsidies	44 506 049	45 798 477	45 798 477	23 718 288	0	51.79
Other						
<b>Capital Expenditure</b>						
Water and sanitation	653 487	15 482 536	15 556 036			
Electricity	296 400	27 838 000	0	2 184 000		
Housing	0	19 000 000				
Roads and storm water	1 253 520	908 500	6 654 341			
Other	28 552 003			2 678 637		

## 5.6 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Services	Jan Kempdorp	Ganspan	Hartswater	Motswedithuto (Magogong Station)	Pampierstad
<b>Housing</b>	1656	531	127	32	1522
<b>Water Supply</b>	1277	0	214	32	0
<b>Sanitation</b>	1656	331	214	32	1450
<b>Electricity</b>	790	0	214	32	219 sites Unit 3
<b>Households</b>	203 street lights	32 street lights	45 street lights		
<b>Public Lighting</b>	12 Highmast	3 Highmast	2 Highmast	2 Highmast	4 Highmast
<b>Solid Waste Removals</b>	0	0	0	0	0
<b>Roads/Access Roads</b>	106 km	9 km	61 km	1 km	99.7 km

## COMPONENT C

# Cash Flow MANAGEMENT AND INVESTMENTS

## 5.7 CASH FLOW

### CASH FLOW OUTCOMES

R'000

Description	Year 0	Current Year 1		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW OPERATING ACTIVITIES</b>				
<b>Receipts</b>	<b>182 697 506</b>	<b>196 867 541</b>	<b>196 867 541</b>	<b>145 176 743</b>
Ratepayers and other	87 505 666	89 832 285	89 832 285	53 629 942
Government – operating	53 809 403	60 366 000	60 366 000	61 273 723
Government – capital	40 536 351	45 798 377	45 798 377	28 557 949
Interest	846 086	870 879	870 879	1 715 129
Dividends	0	0	0	0
<b>Payments</b>	<b>(137 061 346)</b>	<b>(113 303 698)</b>	<b>(113 303 698)</b>	<b>(104 387 420)</b>
Suppliers and employees	(120 878 293)	(111 946 698)	(111 946 698)	(99 765 325)
Finance charges	(1 088 568)	0	0	(1 364 436)
Transfers and Grants	(15 094 485)	(1 357 000)	(1 357 000)	(3 257 659)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>45 636 160</b>	<b>83 563 843</b>	<b>83 563 843</b>	<b>40 789 322</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>	<b>272 719</b>	<b>1 207 000</b>	<b>1 207 000</b>	<b>0</b>
Proceeds on disposal of PPE	279 116	0	0	0
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (increase) other non-current receivables	0	0	0	0
Decrease (increase) in non-current investments	0	1 207 000	1 207 000	0
Decrease (increase) in intangible assets	(6 397)			

**CASH FLOW OUTCOMES**

R'000

Description	Year 0	Current Year 1		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>Payments</b>	<b>(35 340 936)</b>	<b>(45 798 477)</b>	<b>(45 798 477)</b>	<b>(21 314 524)</b>
Capital assets	(35 340 936)	(45 798 477)	(45 798 477)	(21 314 524)
<b>NET CASH FROM/(USED)INVESTING ACTIVITIES</b>	<b>(35 068 218)</b>	<b>(44 591 477)</b>	<b>(44 591 477)</b>	<b>(21 314 524)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(1 182 929)</b>			<b>(1 159 560)</b>
<b>Receipts</b>	<b>173 972</b>	<b>187 891</b>	<b>187 891</b>	<b>195 706</b>
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits	173 972	187 891	187 891	195 706
<b>Payments</b>	<b>(1 333 532)</b>	<b>0</b>	<b>0</b>	<b>(1 378 634)</b>
Repayment of borrowing	(1 333 532)	0	0	(1 378 634)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 159 560)</b>	<b>187 891</b>	<b>187 891</b>	<b>(1 182 928)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>9 408 388</b>	<b>39 161 000</b>	<b>39 161 000</b>	<b>18 122 543</b>
Cash /cash equivalents at the year begin:	9 892 935	9 893 000	9 893 000	19 301 318
Cash/cash equivalents at the year end:	19 301 318	49 054 000	49 054 000	37 423 861



## CHAPTER 6

### AUDITOR GENERAL AUDIT FINDINGS

(Refer to Appendix G)

## APPENDICES

APPENDIX A –	COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE
APPENDIX B –	COMMITTEES AND COMMITTEE PURPOSES
APPENDIX C –	WARD REPORTING
APPENDIX D –	WARD INFORMATION
APPENDIX E –	RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 1
APPENDIX F –	DISCLOSURE OF FINANCIAL INTERESTS
APPENDIX G –	AUDITOR GENERAL REPORT
APPENDIX H –	FINANCIAL STATEMENTS

## APPENDIX A COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committee Allocated and Council Attendance				
Council Members	Committees Allocated	Ward and / or Party Representatives	No. of Council Meetings held	Council Meeting Attendance
	FT / PT			
V Khen	PT	PR	12	12
DM Moeketsi	PT	PR	12	12
P Mona	PT	PR	12	12
KD Mashorie	PT	PR	12	12
AO Moremong	PT	PR	12	11
HM Modiakgotla	FT	Ward 7	12	12
FO Pitso	FT	Ward 3	12	11
M Chakane	FT	Ward 8	12	10
Clr Riet	FT	Ward 1	12	9
D Meza	FT	Ward 5	12	12
MF Mojapele	FT	Ward 2	12	12
AS Mokoena	FT	Ward 4	12	12
CJS Adams	FT	Ward 9	12	10
PJ Nel	FT	Ward 6	12	11
D Meyer	PT	PR	12	11
S Lewis	PT	PR	12	12
GM Motebe	PT	PR	12	12
S Nkomo	PT	PR	12	10

## APPENDIX B COMMITTEES AND COMMITTEE PURPOSES

COMMITTEE	COMMITTEE PURPOSES
<p>Corporate Services Sub-Committee</p> <p>Clr Molifi Chakane (Chairperson)</p> <p>Clr Anna Moremong</p> <p>Clr Dawie Meyer</p> <p>Clr Crocket Adams</p>	<p>To deal with corporate matters such as HR and ICT.</p>
<p>Technical Services Sub-Committee</p> <p>Clr Pasna Mona (Chairperson)</p> <p>Clr Dibung Meza</p> <p>Clr Stoffel Mokale</p> <p>Clr Petro Nel</p>	<p>To deal with infrastructure matters, both new and maintenance of existing infrastructure.</p>
<p>Social &amp; Community Services Sub-Committee</p> <p>Clr Flora Pitso (Chairperson)</p> <p>Clr Sandy Mokoena</p> <p>Clr Samuel Nkomo</p> <p>Clr Sinah Lewis</p>	<p>To deal with social matters and consider reports on environmental health and housing.</p>
<p>Finance Sub-Committee</p> <p>Clr Horatious Modiakgotla (Chairperson)</p> <p>Clr Daphney Mashorie</p> <p>Clr Freddy Mojapele</p> <p>Clr Gaopalelwe Motebe</p>	<p>To deal with all financial matters</p>



## APPENDIX C WARD REPORTING

Ward No.	Ward Councilor	Reported (Yes / No)	Date
1	Ishmael Riet	Yes	21/03/2012
2	Freddy Mojapele	Yes	21/03/2012
3	Florah Pitso	Yes	21/03/2012\
4	Sandile Mokoena	Yes	21/03/2012
5	Dibueng Meza	Yes	21/03/2012
6	Petro Nel	Yes	21/03/2012
7	Crocket Adams	Yes	21/03/2012
8	Horatious Modiakgotla	Yes	21/03/2012
9	Molifi Chakane	Yes	21/03/2012

## APPENDIX D WARD INFORMATION

WARD	HOUSEHOLDS	POPULATION	COUNCILLOR
Ward 1	2435	8253	Clr Ishmael Riet
Ward 2	1417	5285	Clr Freddy Mojapele
Ward 3	1389	4595	Clr Flora Pitso
Ward 4	1956	5898	Clr Sandy Mokoena
Ward 5	2453	9421	Clr Dibueng Meza
Ward 6	1130	3314	Clr Petro Nel
Ward 7	2400	9392	Clr Crokette adams
Ward 8	2310	9293	Clr Horatious Modiakgotla
Ward 9	2054	7886	Clr Molifi Chakane

## **APPENDIX E**

### **RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 1**

#### **REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE**

We are pleased to present our report for the financial year ended 30 June 2012.

#### **AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS AND ATTENDANCE:**

The audit and risk management committee was appointed by Phokwane Municipal Council to commence with their responsibilities on 1 February 2012. The inaugural meeting was held on 10 February 2012 with a second and third meeting on 8 May 2012 and 26 June 2012 respectively. The committee could therefore not achieve the envisaged minimum amount of meetings as stipulated in section 166 of the MFMA, nor could it perform all the required functions as set out in the act or in the principles set in King III. The committee consists of the following members:

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED	NOTES
1. Mr WMS Calitz	3 of 3	3 years term appointed as Chairperson
2. Mr A Bhayt	3 of 3	3 year term appointed as member
3. Mr T Khumisi	3 of 3	3 year term appointed as member
4. Mr M Mogale	1 of 3	3 year term appointed as member

#### **AUDIT COMMITTEE RESPONSIBILITY**

The audit and risk committee report that it has not complied with its responsibilities arising from section 166 of the MFMA throughout the year as it was only appointed on 1 February 2012 and could not perform all the required functions as stipulated in the act.

The committee report that it has adopted appropriate formal terms of reference as its audit and risk management committee charter has regulated its affairs in compliance with this charter and has commenced with discharging all its responsibilities as contained therein.

The committee has performed the following key responsibilities:

- Adopted the audit and risk management charter and proposed approval to council; the chairperson briefed council and the charter was approved.
- Approved the internal audit charter and methodology
- Recommended the risk management strategy and policy to council.
- Liaised with the Auditor-General on matters relating to communication with those charged with governance,

#### **THE EFFECTIVENESS OF INTERNAL CONTROL**

The system of controls should be designed to provide cost-effective assurance that assets are safeguarded, liabilities and working capital are efficiently managed and compliance with appropriate laws and regulations is achieved.

The committee accepted a combined assurance model where the internal and external auditors provide the committee with an indication of the level of assurance that can be derived from a system of internal controls that are appropriate and

effective. In line with the Act and the King III Report on Corporate Governance requirements, Internal Audit (combined assurance) provides the committee and management with assurance that the internal controls are appropriate and effective. Recommendations that a combined assurance is achieved by means of a risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes were made by the committee.

From the various reports of the internal and external auditors it was noted that material matters were reported indicating material deficiencies in the system of internal control and non-compliance with laws and regulations. Accordingly, we can report that the system of internal control for the period under review was not efficient and effective.

## **THE EFFECTIVENESS OF RISK MANAGEMENT**

The committee is responsible for providing risk management oversight, including monitoring the effectiveness of the risk management framework. The committee review risk management strategy and framework, key opportunities and risks, assesses risk mitigation plans and reports back to the council.

Management is accountable to the council for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the municipality. Management is also accountable for building the competencies and capacity required for a sustainable business.

During the year the Committee have reviewed and recommended the risk management strategy and policy to council for approval, and the committee report that risk identification processes and risk mitigation strategies to manage risks were not performed and implemented.

## **THE QUALITY OF IN-YEAR MANAGEMENT AND MONTHLY / QUARTERLY REPORTS SUBMITTED IN TERMS OF THE MFMA**

The committee is of a view that the content and quality of the monthly and quarterly financial reports prepared and submitted to those charged with governance for the year under review still need an improvement.

## **INTERNAL AUDIT**

Audit and Risk Committee provides oversight and monitors the activities of internal audit function, and this function is currently performed by municipal official. Consequently, the committee is able to report on the effectiveness and efficiency of the function.

Given the consideration that the Audit and Risk was appointed during the year, internal audit plans were develop, presented and eventually approved by the committee during the third quarter of 2012. The actual were only conducted during February 2012.

The committee is of a view that certain responsibilities as defined in the MFMS were not executed by the internal audit unit. The committee will in the forthcoming year, monitor progress and ensure that internal audit comply with MFMA.

## **EVALUATION OF FINANCIAL STATEMENTS**

The committee was not afforded an opportunity to review the financial statements before 31 August 2012 and could not make any contribution on the appropriateness of these financial statements submitted to the Auditor-General.

The committee has not established the appropriate working relationship with the Auditor-General of South Africa to perform the functions listed below during an official meeting of the audit and risk management committee:

Review the Auditor-General's management report and management's response thereto;

- Review changes in accounting policies and practices;
- Review the council's compliance with legal and regulatory provisions;
- Review significant adjustment resulting from the audit.

The functions mentioned above is currently tabled and dealt with at an audit steering committee meeting level, where the chairperson of the audit committee is invited to as an observer and contributor. This practice will require liaison and adjustment in the 2012/2013 financial year to ensure that the committee can perform its functions as an independent and objective committee of council.

The committee concurs and accepts the Auditor-General's conclusion on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

WMS CALITZ

CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

19 APRIL 2013

DATE



## APPENDIX F DISCLOSURE OF FINANCIAL INTERESTS

### Disclosure of Financial Interests

Position	Name	Description of Financial Interests (Nil / Or details)
Mayor	VD Khen	None
Members of EXCO	H Modiakgotla	None
	F Pitso	None
	S Lewis	None
Councillors	D Moeketsi	None
	F Mojapele	None
	S Mokoena	Lenoma Marketing (Shareholder)
	D Meza	None
	D Mashorie	None
	P Mona	Molatlhegi Property (Owner)
	M Chakane	None
	G Motebe	General Practitioner
	C Adams	None
	I Riet	None
	P Nel	Business Man
	A Moremong	None
	S Nkomo	None
	D Meyer	Business Man
Municipal Manager	M Dichaba	Tlo Re Tshele Trading (Shareholder)
Chief Financial Officer	TP Sediti	None
Other S57 Officials	MA Motswana	Iteka-Teko Cc Sivukile M&M Municipal Electoral Officer

## APPENDIX G

### AUDITOR GENERAL REPORT

#### REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON PHOKWANE LOCAL MUNICIPALITY

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I was engaged to audit the financial statements of the Phokwane Local Municipality set out on pages 117 to 196, which comprise the statement of financial position as at 30 June 2012, the statements of financial performance, changes in net assets and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

##### Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards on Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

##### Basis for disclaimer of opinion

##### Revenue

4. I was unable to obtain sufficient appropriate audit evidence regarding government grants and subsidies, fines revenue, service charges, licenses and permits, income from agency fees and other income in the statement of financial performance to the amount of R166 566 671 (2011: R175 591 315).
  - (a) The accounting policy of the municipality states that fine revenue constitutes both spot fines and summonses. The listings of these items that should have been included in fine revenue were not submitted for audit purposes.
  - (b) Registers and monthly reconciliations were not implemented to ensure that all other income is included in the financial statements.
  - (c) Certain water meters and electricity meters were identified that did not reflect on the meter reading listing and consumption was consequently not levied.
  - (d) External confirmation for government grants and subsidies amounting to R5 138 433 was not submitted. In addition documentation was not submitted to confirm that an amount of R466 162 should have been included as grant revenue.
  - (e) Prior year reconciliations were not performed for prepaid electricity that was sold on behalf of the municipality to the amount of R12 244 530.

- (f) Documentation to confirm that service charges and fines revenue was included in the correct period was not submitted for audit purposes.
- (g) A contract to confirm the amounts that should have been received from an external party to confirm the journals processed for agency fees to the amount of R408 422 were not submitted.
- (h) As described in note 32 to the financial statements, the restatement of R14 197 298 was made in order to rectify a prior year misstatement. I was unable to confirm the restatement by alternative means.
- (i) Prior year documentation confirming the processing of journals of R136 509 154 processed against revenue items could not be obtained. These transactions were passed against refuse removal, sewerage and sanitation charges, government grants and subsidies and rental of facilities and equipment.
- (j) During 2011 I was unable to audit the difference between the trial balance and the amounts disclosed in the annual financial statement to the amount of R3 445 592.

Alternative procedures could either not be performed or were not successful. Consequently I was unable to determine whether any adjustment relating to revenue in the financial statements was necessary.

- 5. The financial statements did not include the agency fee portion accrued to the municipality of revenue received on behalf of third parties for licences and permits as required by Standards of Generally Recognised Accounting Practice, GRAP 9, Revenue from exchange transactions. I was unable to determine the correct value of agency fees, operating expenditure and cash and cash equivalents to be separately disclosed as it was impracticable to do so.
- 6. Internal controls were not implemented as required by Standards of Generally Recognised Accounting Practice, GRAP 9, Revenue from exchange transactions, to ensure that all consumers were billed for consumption of service charges. Consumption of services were not always charged to consumers, were not always charged at the correct rates and were at times charged on estimated amounts for a number of months. I was unable to determine the correct value of service revenue and receivables from exchange transactions to be separately disclosed as it was impracticable to do so.
- 7. The incorrect valuation roll was used in the prior year. Property rates and trade and other receivables were overstated by R1 609 349. Rebates were not applied to all consumer accounts that lead to the understatement of rebates and receivables are overstated by R1 207 227 in contravention with Standards of Generally Recognised Accounting Practice, GRAP 23, Revenue from non-exchange transactions.
- 8. The incorrect tariffs were used during the prior year in contravention of Standards of Generally Recognised Accounting Practice, GRAP 9, Revenue from exchange transactions. Service charges for water were understated and trade receivables from exchange transactions overstated by R786 182.

## **Property, plant and equipment**

- 9. I was unable to obtain sufficient appropriate audit evidence regarding property plant and equipment to the amount of R184 628 535 (2011: R170 056 638) due the following



matters:

- (a) Infrastructure assets and other assets stated at R12 770 839 in the financial statements were not presented for physical verification. Certain infrastructure assets were identified which could not be traced to the fixed asset register. Movable assets identified during physical verification could not be located on the fixed asset register.
  - (b) External documentation for the assumptions used to value infrastructure assets was not available.
  - (c) The contract with a water supplier was not submitted. It was not possible to determine whether the assets purchased through the agreement were the assets of the municipality or those of the third party.
  - (d) A condition assessment was not always made for all assets. In the instances where a condition assessment was made regarding assets classified as scrap, these assets were not fully depreciated.
  - (e) Not all assets were unbundled into separately depreciable parts.
  - (f) Assets in the name of the municipality identified through deed searches could not be traced to the general ledger.
  - (g) The opening balance of accumulated depreciation exceeds the accumulated depreciation per the trial balance for other assets by an amount of R277 863. The opening balance of accumulated depreciation per the general ledger exceeds the amount per the fixed asset register by R372 488. The cost price and accumulated depreciation of assets included in the financial statements exceeds the amount per the general ledger by R4 811 104. The depreciation for per the disclosure note exceeds the amount per the trial balance by R346 812.
  - (h) Properties that are rented to employees at below market-rated rentals were not included in the financial statements.
  - (i) Supporting documentation for the restatement of R1 568 769 that was made in order to rectify a prior year misstatement was not submitted for audit purposes.
10. The municipality did not depreciate property, plant and equipment, as required by Standards of Generally Recognised Accounting Practice, GRAP 17 Property, plant and equipment. The error occurred due to an incorrect calculation of prior year depreciation. The effects on the financial statements are that property, plant and equipment, net profit and accumulated profits are understated by R38 109 437.

I was unable to confirm these matters by alternative means. Consequently, I was unable to determine whether any adjustment relating to movable tangible assets in the financial statements was necessary.

#### **Cash and cash equivalents**

11. During 2011 I was unable to obtain sufficient appropriate audit evidence for journal entries amounting to R49 643 976, and unreconciled bank reconciliations as disclosed in note 19 to the financial statements to the amount of R10 541 706. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustments to the cash and cash equivalents corresponding figure was necessary. My audit opinion on the financial statements for the period ended 30 November 2012 was modified accordingly. My opinion on the current period's financial statements is also



modified because of the possible effect of this matter on the comparability of the current period's figures.

## **Receivables from exchange and non-exchange transactions**

12. I was unable to obtain sufficient appropriate audit evidence regarding receivables from exchange and non-exchange transactions to the amount of R14 893 863 (2011: R12 877 421) for the following matters:
- (a) Payments, external confirmation and any other documentation confirming receivables amounting to R38 351 792 were not submitted for audit purposes.
  - (b) The receivable age analysis and the financial statements at 30 June 2011 did not agree as a difference of R2 557 566 was identified. The accuracy of the impairment of trade receivables amounting to R81 406 411 could therefore not be verified due to this material difference between the receivable age analysis and the financial statements.
  - (c) A listing and supporting documentation for other consumer arrears disclosed as R30 953 573 in the prior year were not submitted for audit purposes.
  - (d) Supporting documentation for credit balances to the amount of R3 151 484 (2011: R2 846 476) and journal entries passed in the prior year was not submitted.
  - (e) Detailed listings and support to confirm the restatement of R982 944 that was made in order to rectify a prior year misstatement were not submitted for audit purposes.

Alternative procedures could not be performed. Consequently, I was unable to determine whether any adjustment relating to receivables from exchange and non-exchange transactions in the financial statements was necessary.

13. The recoverability of debtors was not evaluated for impairment per financial asset or group of financial assets as required by Standards of Generally Recognised Accounting Practice, GRAP 104, Financial instruments. I was unable to determine the correct value of receivables from exchange and non-exchange transactions and the corresponding adjustment to the provision for doubtful debt to be separately disclosed as it was impracticable to do so.
14. Trade receivables and revenue were understated by R3 528 270 in the prior year, as interest was charged on the outstanding debtor accounts for services by using the incorrect tariff contrary to Standards of Generally Recognised Accounting Practice, GRAP 104, Financial instruments.

## **Employee cost**

15. I was unable to obtain sufficient appropriate audit evidence regarding employee cost to the amount of R32 035 733 (2011: R32 099 969) for the following matters:
- (a) Employment contracts, appointment letters, timesheets, clock cards or attendance registers regarding salaries and wages, allowances and housing benefits were not submitted for salaries and wages amounting to R13 822 149 (2011: R2 712 088)

- (b) A difference to the amount of R290 854 was identified between the amount that should have been paid to the councilors and the amount that was paid according to the general ledger.
  - (c) Documentation to confirm prior year journal entries of R143 523 passed against employee-related cost was not submitted for audit purposes.
  - (d) A prior year difference of R297 284 between the payroll and the financial statement could not be explained with supporting documentation.
16. Allowances were paid in excess of the collective agreements contrary to the requirements of SA Standards of GRAP 1, Presentation of financial statements. Employee cost is overstated and receivables are understated by R534 174 respectively.

Alternative procedures could not be performed. Consequently, I was unable to determine whether any adjustment relating to employee cost in the financial statements was necessary.

#### **Operating expenditure**

17. I was unable to obtain sufficient appropriate audit evidence regarding operating expenditure to the amount of R30 487 773 (2011: R80 182 438) for the following matters:
- (a) A listing of the reconciling item disclosed as assets uncleared in the expenditure note amounting to R934 234 was not submitted for audit purposes.
  - (b) Documentation supporting prior year journal entries amounting to R3 497 158 passed against expenditure items was not submitted. These transactions were passed against grants and subsidies paid, finance charges, general expenditure, repairs and maintenance and bulk purchases.
  - (c) Indigent application forms were not submitted to confirm that the indigent subsidies were correctly calculated and included as an expenditure item grants and subsidies paid.
  - (d) As described in note 32 to the financial statements, the restatement of R13 100 724 was made in order to rectify a prior year misstatement. I was unable to confirm the restatement by alternative means.

Alternative procedures could not be performed. Consequently, I was unable to determine whether any further adjustment relating to operating expenditure in the financial statements was necessary.

18. During 2011 finance charges and long-term liabilities were understated by R160 379 as not all interest paid was disclosed as required by Standards of Generally Recognised Accounting Practice, GRAP 1, Presentation of financial statements.

#### **Accumulated surplus**

19. I was unable to obtain sufficient appropriate audit evidence for the balance of accumulated surplus disclosed as R218 839 704 (2011: R188 550 727) in the statement of changes in net assets due to the following:
- (a) Corrections of errors were processed to revenue and expenditure of the prior year to the amount of R546 572 (2011: R13 531 548) for which listings of the errors and documentation thereof were not submitted for audit purposes.
  - (b) During 2011 an unexplained difference of R9 409 487 existed between the financial statements and the trial balance.

Alternative procedures could not be performed. Consequently, I was unable to determine whether any adjustment relating to accumulated surplus in the financial statements was necessary.

20. The nature of the corrections of errors as disclosed in note 32 to the financial statements were not always disclosed as required by Standards of Generally Recognised Accounting Practice, GRAP 3, Accounting policies and changes in accounting estimates.

## **Unpaid conditional grants**

21. I was unable to obtain sufficient appropriate audit evidence for the balance of unpaid conditional grants disclosed as R4 917 738 (2011: R7 797 087) in note 9 to the financial statements due to the limitations communicated in paragraphs xx of this report. Alternative procedures could not be performed. Consequently, I was unable to determine whether any further adjustment relating to unpaid conditional grants in the financial statements was necessary.
22. The unpaid conditional grant opening balance of R4 128 210 for the Municipal Infrastructure Grant which constitutes a current asset was incorrectly off-set in terms of paragraph 39 of SA Standards of GRAP 1 Presentation of financial statements, against the unspent portion of R2 879 349. Unspent conditional grants and unpaid conditional grants are understated by R2 879 349 respectively.
23. Unspent conditional grants, unauthorised and general expenditure of the prior year were understated by R5 967 139 in respect of over-expenditure on projects relating to the municipal infrastructure grant of R4 128 210, integrated national electrification grant of R1 044 260 and other grants of R794 669 disclosed in note 21 to the financial statements. This was contrary to the requirements of SA Standards of GRAP 23, Revenue from non-exchange transactions. Furthermore revenue for grants was disclosed as R98 400 183 in the statement of financial performance. The amount for which the grant conditions were met that should have been disclosed as revenue amounted to R69 397 302. This resulted in revenue and capital expenditure being overstated by R29 002 881. Included in this overstatement were funds that were received from the Department of Cooperative Governance, Human Settlements and Traditional Affairs for which the municipality acts as an implementing agent.

## **Irregular expenditure**

24. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure disclosed as R8 651 655 (2011: R5 171 537) in note 39 to the financial statements due to the following matters:
  - (a) An unexplained difference exists between the irregular expenditure listing and the financial statements to the amount of R585 527.
  - (b) Included in the irregular expenditure disclosed in note 39 is an amount of R5 171 537 that relates to prior year irregular expenditure. A detailed listing of the items that consist of the amount was not submitted for audit purposes.
  - (c) In addition, I could not obtain reasonable assurance on the completeness of irregular expenditure as the auditee does not have an adequate system in place that will detect and record irregular expenditure incurred.



Alternative procedures could not be performed. Consequently, I was unable to determine whether any adjustment relating to irregular expenditure in the financial statements was necessary.

25. The irregular expenditure disclosed as R8 651 655 (2011: R5 171 537) in note 39 to the financial statements was understated due to instances of non-compliance with laws and regulations not being identified and disclosed by the municipality. I was unable to determine the correct value of commitments to be separately disclosed as it was impracticable to do so.

#### **Taxes**

26. I was unable to obtain sufficient appropriate audit evidence regarding taxes to the amount of R10 993 425 (2011: R12 407 416) for the following matters.
- (a) A difference to the amount of R785 806 between the general ledger and the recalculation of value-added tax (VAT) that could have been claimed from the South African Revenue services.
  - (b) A difference between the VAT control account and the VAT 201 return submitted for August 2011 (June 2011) to the amount of R498 514 (2011: R870 630) was identified.
  - (c) Sufficient appropriate audit evidence could not be obtained for prior year transactions processed against the VAT control account of R102 849 150.

Alternative procedures could not be performed. Consequently, I was unable to determine whether any further adjustment to the taxes figure was necessary.

27. VAT is understated and expenditure is overstated by R1 017 798 (2011: R1 987 514) as VAT was claimed on invoices that did not meet the definition of valid tax invoices as per section 20 (4) of the Value-Added Tax Act No. 89 of 1991) (VAT Act).
28. Internal controls are not in place to declare output VAT on debtors with credit balances that had not been refunded to consumers within four months as required by section 8(27) of the VAT Act. I was unable to determine the correct value of VAT and trade and other payables to be separately disclosed as it was impracticable to do so.
29. The total amount of contributions to organised local government for the financial year and the prior year, and the amount of any contributions outstanding as at the end of the financial year regarding VAT are understated. Disclosures were not made for VAT in note 40.3 to the financial statements, as required by section 125(1) (b) of the MFMA. I was unable to determine the correct value of VAT to be separately disclosed as it was impracticable to do so.

#### **Trade and other payables**

30. I was unable to confirm trade and other payables stated at R5 896 885 (2011: R11 886 998) in note 8 to the financial statements due the following matters.
- (a) A detailed listing of items included in suspense accounts to the amount of R491 926 (2011: R492 015) was not submitted for audit purposes.
  - (b) A detailed listing and documentation to confirm the restatement of R13 766 542 that was made in order to rectify a prior year misstatement were not submitted for audit purposes.



I was unable to perform alternative procedures. Consequently, I was unable to determine whether any adjustment relating to trade and other payables in the financial statements was necessary.

31. Current year expenditure that was paid after year end was not included in the financial statements as required by Standards of Generally Recognised Accounting Practice, GRAP 1, Presentation of financial statements. I was unable to determine the correct value of expenditure and payables to be separately disclosed as it was impracticable to do so.

## Employee benefits

32. I was unable to obtain sufficient appropriate audit evidence regarding employee benefits to the amount of R15 545 888 (2011: R2 392 720) for the following matters:
- (a) The municipality did not have adequate systems in place during the prior year to maintain records of leave, which resulted in leave being understated by R957 088. In addition, sufficient appropriate audit evidence was not available for the prior year amounts disclosed as leave in note 6 to the financial statements.
  - (b) The relevant documents supporting the assumptions used to calculate the employee benefits in the financial statements were not always submitted for audit purposes.

Alternative procedures could not be performed. Consequently, I was unable to determine whether any adjustment relating to employee benefits in the financial statements was necessary.

## Investment property

33. I was unable to obtain sufficient appropriate audit evidence regarding investment property to the amount of R3 536 463 (2011: R3 536 463) for the following matters disclosed in note 12 to the financial statements:
- (a) Properties to the amount of R543 950 were not available for physical verification due to the location of these assets not being available.
  - (b) Property included as vacant land was identified that was not vacant during physical verification. The lease agreements of these properties to the amount of R597 608 were not submitted for audit purposes.
  - (c) Buildings that are leased from the municipality were not included in investment property. Lease agreements were not submitted for audit purposes.

I was unable to confirm the matters by alternative means. Consequently, I was unable to determine whether any further adjustment to the investment property figure was necessary.

## Inventory

34. The municipality did not have adequate systems in place to identify and disclose water inventory in the annual financial statements, as required by Standards of Generally Recognised Accounting Practice, GRAP 12, Inventory. I was unable to determine the correct amount of water inventory as it was impracticable to do so.
35. Municipal erven that were used to build social housing and that had not yet been transferred at year end were not included as inventory as per Standards of Generally Recognised Accounting Practice, GRAP 12, *Inventory*. Inventory and accumulated surplus are understated and investment property is overstated in the current and prior year. I was unable to determine the correct value of inventory to be separately disclosed in the current

year as it was impracticable to do so.

36. Inventory is understated and investment property is overstated by R4 620 955 in the prior year in respect of land intended to be sold which was not disclosed per Standards of Generally Recognised Accounting Practice, GRAP 12, Inventory. The municipality did not disclose municipal land available for sale. I was unable to determine the correct value of inventory to be separately disclosed in the current year as it was impracticable to do so.

#### **Provisions**

37. I was unable to confirm the provision for landfill sites stated at R4 429 126 (2011: R4 218 215) in note 4 and 7 to the financial statements due to the detailed assumptions and supporting documentation used by the expert to value the landfill sites not being submitted. I was unable to perform alternative procedures. Consequently, I was unable to determine whether any adjustment relating to provisions in the financial statements was necessary.
38. All landfill sites and refuse dumping sites that should be provided for future rehabilitation as required by Standards of Generally Recognised Accounting Practice, GRAP 19, Provisions were not identified and included in the financial statements. I was unable to determine the correct value of provisions to be separately disclosed in the current year as it was impracticable to do so.

#### **Unspent conditional grants**

39. I was unable to obtain sufficient appropriate audit evidence for the balance of unspent conditional grants disclosed as R7 009 261 (2011: R4 262 638) in note 9 to the financial statements due to the limitations communicated in paragraphs xx of this report.
40. I was unable to obtain sufficient appropriate audit evidence for the restatement in the corresponding figure of unspent conditional grants. As described in note 32 to the financial statements, the restatement of R385 058 was made in order to rectify a prior year misstatement. I was unable to confirm the restatement by alternative means.
41. During 2011 I was unable to audit the difference between the trial balance and the amounts disclosed in the annual financial statement to the amount of R728 186.

Consequently, I was unable to determine whether any adjustments to the unspent conditional grants corresponding figure was necessary.

#### **Cash flow statement**

42. I was unable to confirm the current and comparative cash flow statement to the financial statements is correct due to the limitations experienced as included under the basis of disclaimer paragraphs. I was not able to perform alternative procedures. Consequently, I was unable to determine whether any adjustment relating to the cash flow statement in the financial statements was necessary.

#### **Long term liabilities**

43. I was unable to confirm that the payments for long-term liabilities to the amount of R339 258 stated at R123 649 in note 2 to the financial statements regarding finance leases that was included in the amortisation tables agreed to payments received by third parties due to sufficient appropriate audit evidence not being available. I was unable to

perform alternative procedures. Consequently I was unable to determine whether any adjustment relating to long-term liabilities in the financial statements was necessary.

## **Intangible assets**

44. A number of intangible assets were not included in the financial statements as required by Standards of Generally Recognised Accounting Practice, GRAP 31, Intangible assets, which lead to intangible assets that are disclosed as R15 492 in note 13 to the financial statements being understated and accumulated surplus being overstated. I was unable to determine the correct value of intangible assets to be separately disclosed as it was impracticable to do so.

## **Commitments**

45. The municipality did not have adequate systems in place to identify and disclose all commitments accurately at year-end as per Standards of Generally Recognised Accounting Practice, GRAP 17, Property, plant and equipment. Alternative procedures confirmed that commitments are understated. I was unable to determine the correct value of commitments to be separately disclosed as it was impracticable to do so.

## **Fruitless and wasteful expenditure**

46. I was unable to confirm the opening balance for fruitless and wasteful expenditure to the amount of R98 676 included in note 39 to the financial statements due to a lack of sufficient appropriate audit evidence. I was unable to perform alternative procedures. Consequently, I was unable to determine whether any adjustment relating to fruitless and wasteful expenditure in the financial statements was necessary.
47. The municipality did not include particulars of fruitless and wasteful expenditure in the notes to the financial statements as required by section 125(2)(d) of the MFMA. The municipality made payments that could have been avoided had reasonable care been exercised. I was unable to determine the correct value of fruitless and wasteful expenditure to be separately disclosed as it was impracticable to do so.

## **Contingent liabilities**

48. I was unable to confirm contingent liabilities to the amount of R715 650 as disclosed in note 48 to the financial statements as sufficient appropriate audit evidence was not submitted. External confirmations were not provided by the third parties. I was unable to perform alternative procedures. Consequently, I was unable to determine whether any adjustment relating to contingent liabilities in the financial statements was necessary.
49. A brief description of the nature of the contingent liabilities disclosed in note 48 was not always included as per the requirement of Standards of Generally Recognised Accounting Practice, GRAP 19, Provisions, contingent liabilities and contingent assets.

## **Material losses**

50. I was unable to confirm that sufficient appropriate audit evidence regarding the prior year material losses disclosed in note 39 to the financial statements exists. I was unable to perform alternative procedures. Consequently, I was unable to determine whether any adjustment relating to material losses in the financial statements was necessary.
51. The particulars of the material losses in the form of amounts were not disclosed in note 39 as required by section 125 (2) (d) of the MFMA. I was unable to determine the correct



value of material losses to be separately disclosed as it was impracticable to do so.

#### **Disclaimer of opinion**

52. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

#### **Emphasis of matters**

53. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### **Significant uncertainties**

54. With reference to note 48 to the financial statements, contingent liabilities, the municipality is the defendant in a number of law suits. The ultimate outcome of these matters cannot presently be determined.

#### **Restatement of corresponding figures**

55. As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during 30 June 2012 in the financial statements of the Phokwane local municipality at, and for the year ended, 30 June 2011.

#### **Material under spending of the budget**

56. As disclosed in note 38, the municipality has materially under spent the budget on parks and recreation, water and electricity to the amount of R24 999 475 and the capital budget to the amount of R32 846 813. The draft annual report was not received within the legislated timeframes. Subsequently, it was not possible to determine the effect on service delivery of the under spending of the budget.

#### **Additional matters**

57. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### **Material inconsistencies in other information included in the annual report**

58. The annual report had not been received at the date of this report, with the result that a conclusion could not be drawn on the consistency between the financial statements and the audit report with other information included in the annual report.

#### **Unaudited supplementary schedules**

59. The supplementary information set out on pages 117 to 196 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

60. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance



with laws and regulations and internal control, but not for the purpose of expressing an opinion.

## **Predetermined objectives**

61. The annual performance report included in the annual report was not presented in time for audit and consequently my findings below are limited to the procedures performed on the strategic planning and performance management documents.
62. The information was assessed to determine whether performance indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information*.

## **Usefulness of information**

63. The National Treasury Framework for managing programme predetermined objectives (FMPPi) requires that it must be possible to validate the processes and systems that produce the indicator. A total of 100% of the measures relevant to Objective 2: Sanitation and Objective 5: Housing were not verifiable in that valid processes and systems that produce the information on actual performance did not exist.
64. This was due to the lack of key controls in the relevant systems of collection, collation, verification and storage of actual performance information.

## **Compliance with laws and regulations**

65. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

## **Strategic planning and performance management**

66. The municipality did not afford the local community at least 21 days to comment on the final draft of its integrated development plan before the plan was submitted to council for adoption, as required by regulation 15(3) of the municipal planning and performance management regulations.
67. Sufficient appropriate audit evidence was not submitted to confirm that the municipality gave effect to its integrated development plan and conducted its affairs in a manner which was consistent with its integrated development plan, as required by section 36 of the Municipal Systems Act and municipal planning and performance management regulation 6.
68. The municipality did not establish a performance management system, as required by section 38 (a) of the Municipal Systems Act.
69. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the Municipal Systems Act.
70. The municipality did not monitor performance, with regard to each of the development

priorities and objectives included in the IDP and against the key performance indicators and targets set.

71. The municipality did not measure and review performance at least once per year, with regard to each of those development priorities and objectives and against the key performance indicators and targets set.
72. The municipality did not take steps to improve performance with regard to those development priorities and objectives where performance targets were not met, as required by section 41 of the Municipal Systems Act.

#### **Budget**

73. Expenditure was incurred that was not budgeted for, in contravention of section 15 of the MFMA.
74. Sufficient appropriate audit evidence was not submitted to confirm that the initial two quarterly reports were submitted to the council on the implementation of the budget and financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.
75. Revisions to the service delivery and budget implementation plan were not approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.
76. Certain monthly budget statements were not submitted in time to the relevant provincial treasury, as required by section 71(1) of the MFMA.
77. The accounting officer assessed the first half of the financial year performance of the municipality by 8 February 2012 and not by 25 January 2012, as required by section 72(1) and 72(1) (a) (ii) of the MFMA.

#### **Annual financial statements, performance and annual reports**

78. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors were not adequately corrected, which resulted in the financial statements receiving a disclaimer opinion.
79. The 2010-11 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.
80. A written explanation was not submitted to council setting out the reasons for the delay in the tabling of the 2010-11 annual report in the council, as required by section 127(3) of the MFMA.
81. The accounting officer did not make the 2010/11 annual report public immediately after the annual report was tabled in the council, as required by section 127(5)(a) of the MFMA.

#### **Audit committee**

82. The audit committee was appointed on 1 February 2012. The audit committee did not advise the council, the political office bearers, the accounting officer and management

staff on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation throughout the year, as required by section 166(2)(a) of the MFMA.

83. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with the MFMA, DoRA and other applicable legislation, as required by section 166(2)(b) of the MFMA.
84. The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General during 2011-12, as required by section 166(2)(c) of the MFMA. This was due to the audit committee only being appointed in February 2012.
85. A performance audit committee was not in place and the audit committee established in terms of MFMA section 166(1) was not used for this function, as required by municipal planning and performance management regulation 14(2)(a).

## **Internal audit**

86. The internal audit unit did not function as required by section 165(2) of the MFMA, in that:

- it did not prepare a risk-based audit plan and an internal audit programme for the financial year under review.
- it did not advise the accounting officer and/or report to the audit committee on matters relating to accounting procedures and loss control.

87. The internal audit unit did not report to the audit committee on all matters relating to compliance with the DoRA and other applicable legislation, as required by section 165(2)(b) of the MFMA.
88. The internal audit did not audit the results of performance measurements, as required by section 45(1) (a) of the Municipal Systems Act and municipal planning and performance management regulation 14(1) (a).
89. The internal audit unit did not audit the performance measurements on a continuous basis and did not submit quarterly reports on their audits to the accounting officer and the performance audit committee, as required by municipal planning and performance management regulation 14(1)(c).
90. The internal audit unit did not assess the functionality of the performance management system, whether the performance management system complied with the requirements of the Municipal Systems Act and the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by Municipal Planning and Performance Management Regulation 14(1) (b) (i), (ii) and (iii).

## **Expenditure management**

91. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.



92. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors and accounted for payments made, as required by section 65(2)(b) of the MFMA.
93. An effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, was not in place as required by section 65(2)(a) of the MFMA.
94. The accounting officer did not take reasonable steps to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.
95. Unauthorised, irregular and fruitless and wasteful expenditure was not recovered from the liable person, as required by section 32(2) of the MFMA.

**Conditional grants received**

96. Sufficient appropriate audit evidence could not be obtained that the municipality evaluated its performance in respect of programmes funded by the allocation and submitted the evaluation to the transferring national officer within two months after the end of the financial year, as required by section 12(6) of the DoRA.
97. Sufficient appropriate audit evidence could not be obtained that unspent conditional grant funds were committed to identifiable projects and/or approved by the National Treasury for retention, or surrendered to National Revenue Fund, as required by section 20(1) of the DoRA.
98. Sufficient appropriate audit evidence could not be obtained that the municipality timely submitted project registration forms for projects it intended implementing in the financial year under review, to the department of local government, as required by the *Division of Revenue Grant Framework, Gazette No. 34280*.
99. Sufficient appropriate audit evidence could not be obtained that the municipality submitted project implementation plans to the national department (CoGTA), as required by the *Division of Revenue Grant Framework, Gazette No. 34280*.
100. Sufficient appropriate audit evidence could not be obtained that the municipality had registered its master plans for bulk infrastructure with the integrated national electrification programme (INEP), as required by the *Division of Revenue Grant Framework, Gazette No. 34280*.
101. Sufficient appropriate audit evidence could not be obtained that projects were implemented in line with the details contained in the integrated development plan, as required by the *Division of Revenue Grant Framework, Gazette No. 34280*.
102. Sufficient appropriate audit evidence could not be obtained that the municipality submitted its signed activity plan and/or in the prescribed format to the national department (CoGTA), as required by the *Division of Revenue Grant Framework, Gazette No. 34280*.
103. Sufficient appropriate audit evidence could not be obtained that the municipality submitted, within 20 days after the end of each month, its monthly expenditure reports to the national department (CoGTA), as required by the *Division of Revenue Grant*



Framework, Gazette No. 34280.

## Revenue

104. An adequate management, accounting and information system was not in place which recognised revenue when it was earned, accounted for debtors and accounted for receipts of revenue, as required by section 64(2)(e) of the MFMA.
105. An adequate credit control and debt collection policy was not implemented, as required by section 96(b) of the Municipal Systems Act and section 62(1)(f)(iii) of Municipal Finance Management Act.
106. The municipality contravened section 15(2) of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) (ERA) by charging electricity tariffs in excess of those approved by NERSA. This contravention by the municipality may result in penalties being imposed by the Regulator in terms of section 18 of ERA.

## Asset management

107. Sufficient appropriate audit evidence was not submitted to confirm that an adequate management, accounting and information system which accounts for assets was in place, as required by section 63(2)(a) of the MFMA.

## Supply chain management

108. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) and (c).
109. Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulations 16(b) and 17(b).
110. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).
111. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids and that deviations were approved by the accounting officer only if it was impractical to invite competitive bids, as required by SCM regulations 19(a) and 36(1).
112. Sufficient appropriate audit evidence could not be obtained that bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM regulation 27(2)(a).
113. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) & 22(2).
114. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by SCM regulations 21(b) and 28(1)(a) and preferential procurement regulations.

115. Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality, as required by SCM regulation 28(2).
116. Sufficient appropriate audit evidence could not be obtained that bid adjudication was always done by committees which were composed in accordance with SCM regulation 29(2).
117. The preference point system was not applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1) (a).
118. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).
119. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
120. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process, as required by of section 2(1)(f) of Preferential Procurement Policy Framework Act.
121. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
122. Quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
123. Sufficient appropriate audit evidence could not be obtained that contracts were only awarded to providers whose tax matters have been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
124. A list of accredited prospective providers was not in place for procuring goods and services through quotations, as required by SCM regulation 14(1) (a).
125. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as procurement documentation was not submitted by management.
126. Contracts and quotations were awarded to bidders who did not submit a declaration as to whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
127. Quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.

## **Human resource management**

128. An acting accounting officer was appointed for an additional period of three months in excess of the three month extension already granted by the MEC of local government, in contravention of section 54A(2A)(a) of the Municipal Systems Act.
129. Appointments were made in posts which were not provided for in the approved staff establishment of the municipality, in contravention of section 66(3) of the Municipal Systems Act.
130. Job descriptions were not established for all posts in which appointments were made in the current year, in contravention of section 66(1) (b) of the Municipal Systems Act.
131. Sufficient appropriate audit evidence could not be obtained that the municipality appointed an accounting officer who had been dismissed for financial misconduct after expiry of 10 years.
132. The senior managers directly accountable to the accounting officer did not sign the correct performance agreements, as required by section 57(2) (a) of the Municipal Systems Act.
133. The performance agreements of the accounting officer senior manager and head of supply chain who did not have the minimum competencies, did not include the attainment of minimum competencies as a performance target, as required by the municipal regulations on minimum competency levels 16(2).

## **Internal control**

134. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on performance information and the findings on compliance with laws and regulations included in this report.

## **Leadership**

135. The following challenges were experienced that contributed to the weaknesses in the financial environment and the ultimate audit outcome:
  - A formally documented action plan was not implemented and monitored. The internal control weaknesses that resulted in the previous amended audit opinions were not identified and corrected.
  - Personnel had not been allocated specific duties and responsibilities to facilitate the continuous monitoring of internal controls.
  - The leadership did not take appropriate action with regard to a lack of controls in the finance and supply chain management directorates, resulting in non-compliance with applicable legislation and inadequate budget control measures. This, in turn, resulted in irregular, fruitless and wasteful as well as unauthorised expenditure.
  - Material misstatements of investments, cash and bank, property, plant and equipment, investment property, expenditure, receivables from exchange transactions, revenue, commitments, material losses and irregular expenditure



identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and remaining supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion. Included above in material corrections and not corrected errors.

136. Leadership did not regularly monitor management's compliance with laws, regulations and internally designed policies and procedures. This was due to inadequate time allocated to the compliance of laws and regulations. Certain non-compliance matters were also identified at management level. There is a lack of systems to ensure compliance with all legislation. As a result, significant non-compliance issues were noted.
137. Management did not document and approve internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting on predetermined objectives. This was due to a lack of understanding of the processes that should be performed to prepare a complete and valid report on predetermined objectives. Consequently, performance systems, processes and procedures had not been designed and implemented.

#### **Financial and performance management**

138. The municipality did not have individuals who sufficiently understood the financial reporting framework and performance and financial management requirements with the result that the municipality engaged a consultant to assist in the compilation of the fixed asset register and financial statements.
139. The underlying accounting records of the municipality did not facilitate the preparation of the financial statements to comply with the accounting framework.
140. Manual or automated controls were not designed to ensure that the transactions had occurred, were authorised, and were completely and accurately processed. This was due to complete business processes and a complete risk assessment not being performed. Documentation supporting amounts disclosed in the financial statements was not always available due to lack of an adequate filing system.

#### **Governance**

141. The risk of material misstatement due to fraud was not considered due to a formal fraud prevention and detection unit not being established. Sufficient controls and segregation of duties to prevent or detect fraudulent data and asset misappropriation were not implemented and maintained.
142. The municipality did not respond to the assessed risks due to a risk strategy and action plan to manage identified risks that were not performed. Consequently, internal controls were not selected and developed to prevent, detect and correct material misstatements in financial reporting and reporting on predetermined objectives.
143. The financial statements were subject to material corrections resulting from the audit, which can be attributed to the lack of risk assessments, weaknesses in the design and implementation of internal control in respect of financial management and financial reporting, and weaknesses in the information systems.



144. The accounting officer did not prioritise the establishment of a fully functioning performance audit committee and therefore the functions were not established and functional during the financial year. The audit committee was appointed in February 2012. This also resulted in the committees not being able to fulfil all their responsibilities.
145. The accounting officer did not ensure that internal audit performed a risk based audit approach and that internal audit submitted quarterly reports on predetermined objectives.

*Auditor-General*

Cape Town

30 November 2012



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**APPENDIX H  
FINANCIAL STATEMENTS**

**PHOKWANE MUNICIPALITY**

[These financial statements have been audited]

**FINANCIAL STATEMENTS**

30 June 2012

## PHOKWANE MUNICIPALITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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**PHOKWANE MUNICIPALITY  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**GENERAL INFORMATION**

**NATURE OF BUSINESS**

Phokwane Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

**COUNTRY OF ORIGIN AND LEGAL FORM**

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

**JURISDICTION**

The Phokwane Municipality includes the following areas:

Pampierstad, Hartswater, Jan Kemp Settlement and the Farming Areas. The geographical area is approximately 835km in extent and accomodates approximately 61314 people (Census 2001). It is a peri-urban area with serious socio-economic challenges versus unemployment, high rate of poverty, low skilled workforce and serious basic service infrastructure challenges such as roads, sewer network, housing and water services.

**MEMBERS OF THE EXECUTIVE COMMITTEE**

V Khen (Chairperson)

HM Modiakgotla

F Pitso

S Lewis

**MEMBERS OF SUB-COMMITTEES**

F Pitso - Chairperson: Social & Community Services

M Chakane - Chairperson: Corporate & Development Services

H Modiakgotla - Chairperson: Budget & Treasury Services

P Mona - Chairperson: Technical & Engineering Services

**MUNICIPAL MANAGER**

MP Dichaba

**CHIEF FINANCIAL OFFICER**

TP Sediti



**PHOKWANE MUNICIPALITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**GENERAL INFORMATION**

**REGISTERED OFFICE**

24 Hertzog Street  
Hartswater  
8570

**AUDITORS**

Auditor-General  
P O Box 5103  
Kimberley

**PRINCIPLE BANKERS**

ABSA

**ATTORNEYS**

On assignment appointments

**RELEVANT LEGISLATION**

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

PHOKWANE MUNICIPALITY  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012  
MEMBERS OF THE PHOKWANE MUNICIPALITY

WARD	COUNCILLOR
1	I Riet
2	MF Mojapele
3	FO Pitso
4	AS Mokoena
5	D Meza
6	PJ Nel
7	CJS Adams
8	HM Modiakgotla
9	M Chakane
Proportional	V Khen
Proportional	DM Moeketsi
Proportional	P Mona
Proportional	KD Mashorie
Proportional	AO Moremong
Proportional	D Meyer
Proportional	S Lewis
Proportional	GM Motebe
Proportional	S Nkomo

**APPROVAL OF FINANCIAL STATEMENTS**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 80 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

  
\_\_\_\_\_  
Municipal Manager

\_\_\_\_\_  
Date

## PHOKWANE MUNICIPALITY STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Notes	2012 R	2011 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>218 839 704</b>	<b>188 550 727</b>
Accumulated Surplus		218 839 704	188 550 727
<b>Non-Current Liabilities</b>		<b>15 641 971</b>	<b>14 509 956</b>
Long-term Liabilities	2	-	1 123 649
Non-Current Employee Benefits	3	14 788 543	12 573 518
Non-Current Provisions	4	853 428	812 789
<b>Current Liabilities</b>		<b>22 811 356</b>	<b>25 026 677</b>
Consumer Deposits	5	2 132 122	1 936 417
Current Employee Benefits	6	4 473 132	3 612 730
Provision	7	3 575 698	3 405 427
Trade and other payables	8	5 497 494	11 430 832
Unspent Conditional Government Grants and Receipts	9	7 009 261	4 262 638
Current Portion of Long-term Liabilities	2	123 649	378 634
<b>Total Net Assets and Liabilities</b>		<b>257 293 030</b>	<b>228 087 360</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>188 180 491</b>	<b>173 614 343</b>
Property, Plant and Equipment	11	184 628 535	170 056 638
Investment Property	12	3 536 463	3 536 463
Intangible Assets	13	15 492	21 242
Long-Term Receivables	14	-	-
<b>Current Assets</b>		<b>69 112 539</b>	<b>54 473 016</b>
Inventory	15	1 283 043	1 574 246
Trade Receivables from exchange transactions	16	13 671 234	12 877 421
Other Receivables from non-exchange transactions	17	1 222 629	971 695
Unpaid Conditional Government Grants and Receipts	9	4 917 738	7 797 087
Taxes	10	10 993 425	12 407 416
Current Investments	18	-	8 759 612
Cash and Cash Equivalents	19	37 024 469	10 085 539
<b>Total Assets</b>		<b>257 293 030</b>	<b>228 087 360</b>



PHOKWANE MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

REVENUE		2012	2011	Correction	2011
Notes		(Actual)	(Restated)	of error	(Previously reported)
		R	R	R	R
	Revenue from Non-exchange Transactions	92 323 255,36	93 761 730,49	(11 958 217)	105 719 948
	Taxation Revenue				
20	Property taxes	7 926 865	7 157 223	(34 801)	7 192 024
	<b>Transfer Revenue</b>	<b>84 205 700</b>	<b>86 476 766</b>	<b>(11 923 416)</b>	<b>98 400 183</b>
21	Government Grants and Subsidies	84 205 700	86 476 766	(11 923 416)	98 400 183
	<b>Other Revenue</b>	<b>190 690</b>	<b>127 741</b>	-	<b>127 741</b>
	Fines	190 690	127 741	-	127 741
	<b>Revenue from Exchange Transactions</b>	<b>91 948 978</b>	<b>74 454 190</b>	<b>14 232 099</b>	<b>60 222 092</b>
	Service Charges				
22	Rental of Facilities and Equipment	77 054 971	62 098 995	14 549 765	47 549 229
	Interest Earned - current account	136 096	139 403	-	139 403
	Interest Earned - external investments	81 314	-	-	-
	Interest Earned - outstanding debtors	1 633 815	846 086	-	846 086
	Licences and Permits	7 927 472	7 795 512	(441 088)	8 236 601
	Income for Agency Services	1 692 295	1 296 718	-	1 296 718
23	Other Income	1 457 837	1 081 676	92 051	989 625
		1 965 179	1 195 802	31 371	1 164 431
	<b>Total Revenue</b>	<b>184 272 233</b>	<b>168 215 921</b>	<b>2 273 881</b>	<b>165 942 039</b>

## EXPENDITURE

Employee related costs	24	37 845 924	33 095 297	-	33 095 297
Remuneration of Councillors	25	4 911 455	4 453 852	-	4 453 852
Debt Impairment	26	29 508 778	29 063 588	-	29 063 588
Depreciation and Amortisation		6 913 821	6 429 198	269 807	6 159 390
Impairments	27	3 880	650 350	9 483	640 867
Repairs and Maintenance		4 412 493	2 641 570	59 123	2 582 447
Finance Charges	28	1 364 436	1 088 568	164 678	923 890
Actuarial losses	3	1 056 197	3 482 490	-	3 482 490
Bulk Purchases	29	41 890 993	41 377 343	-	41 377 343
Contracted services		714 110	413 715	-	413 715
Grants and Subsidies Paid	30	3 257 659	3 171 068	1 960 218	1 210 850
General Expenses	31	22 103 510	20 655 325	(1 286 002)	21 941 328
<b>Total Expenditure</b>		<b>153 983 256</b>	<b>146 522 363</b>	<b>1 177 307</b>	<b>145 345 056</b>
<b>Operating Surplus for the Year</b>		<b>30 288 977</b>	<b>21 693 557</b>	<b>1 096 574</b>	<b>20 596 984</b>
Loss on disposal of Property, Plant and Equipment		-	-	-	-
Gain on disposal of Property, Plant and Equipment		-	279 116	-	279 116
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>30 288 977</b>	<b>21 972 673</b>	<b>1 096 574</b>	<b>20 876 099</b>

Refer to Appendix D(1) for explanation of budget variances

PHOKWANE MUNICIPALITY  
STATEMENT OF CHANGES IN NET ASSESTS FOR THE YEAR ENDED 30 JUNE 2012

	Accumulated Surplus/ (Deficit) R	Total R
<b>Balance at 30 JUNE 2009</b>	<b>166 031 481</b>	<b>166 031 481</b>
Correction of error - Refer to note 32,09	546 572	546 572
<b>Balance at 01 July 2010</b>	<b>166 578 053</b>	<b>166 578 053</b>
Net Surplus for the year as stated previously	20 876 099	20 876 099
Correction of error - Refer to note 33	1 096 574	1 096 574
<b>Balance at 30 JUNE 2011</b>	<b>188 550 727</b>	<b>188 550 727</b>
Net Surplus/(Deficit) for the year	30 288 977	30 288 977
<b>Balance at 30 JUNE 2012</b>	<b>218 839 704</b>	<b>218 839 704</b>



## PHOKWANE MUNICIPALITY CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 R	2011 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		54 038 836	87 505 666
Government		89 831 672	82 422 338
Interest		1 510 682	846 086
<b>Payments</b>			
Suppliers and employees		(99 913 000)	(121 334 459)
Finance charges	28	(1 364 436)	(1 088 568)
Transfers and Grants		(3 257 659)	(3 171 068)
<b>Cash generated by operations</b>	<b>34</b>	<b>40 846 094</b>	<b>45 179 994</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(21 483 852)	(35 340 936)
Proceeds on Disposal of Fixed Assets		-	279 116
Increase in Intangible Assets		-	(6 397)
Increase in Investment Properties		-	-
Decrease in Long-term Receivables		-	-
(Increase)/Decrease in Non-current Investments		-	-
<b>Net Cash from Investing Activities</b>		<b>(21 483 852)</b>	<b>(35 068 218)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		(1 378 634)	(1 333 532)
Increase in Consumer Deposits		195 706	173 972
<b>Net Cash from Financing Activities</b>		<b>(1 182 929)</b>	<b>(1 159 560)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>18 179 315,70</b>	<b>8 952 216,80</b>
Cash and Cash Equivalents at the beginning of the year		18 845 151	9 892 935
Cash and Cash Equivalents at the end of the year	35	37 024 469	18 845 151
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>18 179 318</b>	<b>8 952 216</b>

**PHOKWANE MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>2 LONG TERM LIABILITIES</b>		
Sinking Fund loan from ABSA	-	1 000 000
Government Loans : Other	-	107 493
Capitalised Lease Liability - At amortised cost	123 649	394 791
Nashua AF 2015 - J9046920779	-	36 178
Nashua MP161SPFCH - M0179306908	24 471	50 051
Nashua MP161CHN - L9769600010	-	26 229
Thynk Finance Master Rental Agreement	32 664	71 074
New Olivette D-Copia 18 MF Digital Copier - XMATT15786	13 303	42 252
New Olivette D-Colour 45 MF Digital Copier - 60605010067	19 954	63 377
New Olivette D-Copia 800 MF Digital Copier - H3005685	33 257	105 629
	<b>123 649</b>	<b>1 502 283</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>123 649</b>	<b>378 634</b>
Government Loans : Other	-	107 493
Capitalised Lease Liability - At amortised cost	123 649	271 142
	-	<b>1 123 649</b>
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>-</b>	<b>1 123 649</b>
The obligations under government loans are scheduled below:		
Amounts payable under loans:	<b>Minimum loan payments</b>	
Payable within one year	-	107 656
Payable within two to five years	-	-
	-	107 656
<b>Less:</b> Future finance obligations	-	(163)
<b>Present value of loan obligations</b>	<b>-</b>	<b>107 493</b>

	2012 R	2011 R
The Government loans have an maturity date of 30 June 2011. The final payment outstanding was paid in August 2011.		

The obligations under finance leases are scheduled below:

The obligations under finance leases are scheduled below:		<b>Minimum</b>	
		<b>lease payments</b>	
Amounts payable under finance leases:			
Payable within one year	129 501		309 105
Payable within two to five years	-		129 501
	129 501		438 606
Less: Future finance obligations	(5 852)		(43 815)
<b>Present value of lease obligations</b>	<b>123 649</b>		<b>394 791</b>

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Nashua	Nashua AF 2015	29,04%	15%	5 Years	30/06/2012
Nashua	Nashua MP161SPFCH	29,04%	15%	5 Years	30/04/2013
Nashua	Nashua MP161CHN	26,45%	15%	5 Years	30/06/2012
Thynk Finance	Thynk Finance Master Rental Agreement	14,49%	0%	5 Years	31/03/2013
	- 1 Nortel LDK 305				
	- 1 Music on hold				
	- 1 Battery Backup				
	- Lightning Protection				
	- 4 New 8 key digital executive terminals				
Journey Vehicle and Asset Finance	New Olivette D-Copia 18 MF Fax	13,99%	0%	5 Years	31/12/2012
	New Olivette D-Colour 45 MF Digital Copier	13,86%	0%	5 Years	31/12/2012
	New Olivette D-Copia 800 MF Digital Copier	13,99%	0%	5 Years	31/12/2012

### 3 NON-CURRENT EMPLOYEE BENEFITS

	12 935 534	10 977 282
	1 853 009	1 596 236
<b>Total Non-current Employee Benefits</b>	<b>14 788 543</b>	<b>12 573 518</b>

### Post Retirement Benefits

Balance 1 July	11 384 838	7 445 908
Contribution for the year	1 599 876	927 794
Expenditure for the year	(407 556)	(292 271)
Actuarial Loss/(Gain)	744 740	3 303 407
<b>Total post retirement benefits 30 June</b>	<b>13 321 898</b>	<b>11 384 838</b>
<b>Less: Transfer of Current Portion to Current Employee Benefits - Note 6</b>	<b>(386 364)</b>	<b>(407 556)</b>
<b>Balance 30 June</b>	<b>12 935 534</b>	<b>10 977 282</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).



	2012 R	2011 R
<b><u>Long Service Awards</u></b>		
Balance 1 July	1 681 849	1 355 364
Contribution for the year	316 297	318 663
Expenditure for the year	(85 613)	(171 261)
Actuarial Loss/(Gain)	311 457	179 083
<b>Total long service 30 June</b>	<b>2 223 990</b>	<b>1 681 849</b>
<b>Less: Transfer of Current Portion to Current Employee Benefits - Note 6</b>	<b>(370 981)</b>	<b>(85 613)</b>
<b>Balance 30 June</b>	<b>1 853 009</b>	<b>1 596 236</b>

**TOTAL NON-CURRENT EMPLOYEE BENEFITS**

Balance 1 July	13 066 687	8 801 272
Contribution for the year	1 916 173	1 246 457
Expenditure for the year	(493 169)	(463 532)
Actuarial Loss/(Gain)	1 056 197	3 482 490
<b>Total employee benefits 30 June</b>	<b>15 545 888</b>	<b>13 066 687</b>
<b>Less: Transfer of Current Portion to Current Employee Benefits - Note 6</b>	<b>(757 345)</b>	<b>(493 169)</b>
<b>Balance 30 June</b>	<b>14 788 543</b>	<b>12 573 518</b>

**3,1 Post Retirement Benefits**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	71	68
In-service probable future members (In-service (employee) non-members who have indicated that they will join a scheme on retirement.	47	47
Continuation members (e.g. Retirees, widows, orphans)	15	20
<b>Total Members</b>	<b>133</b>	<b>135</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	7 109 707	6 306 656
Continuation members	6 212 191	5 078 182
<b>Total Liability</b>	<b>13 321 898</b>	<b>11 384 838</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2010 R	2009 R	2008 R
In-service members	3 390 636	2 808 384	2 582 808
Continuation members	4 055 272	4 055 272	4 064 344
<b>Total Liability</b>	<b>7 445 908</b>	<b>6 863 656</b>	<b>6 647 152</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
Hosmed;  
LA Health;  
Key Health;  
SAMWU Medical Aid and  
Medshield.

	2012 R	2011 R
The Future-service Cost for the ensuing year is estimated to be R 638 170, whereas the Interest Cost for the next year is estimated to be R 1 050 661.		
Key actuarial assumptions used:	%	%
<b>i) Rate of interest</b>		
Discount rate	8,00	8,63
Health Care Cost Inflation Rate	6,82	7,32
Net Effective Discount Rate	1,10	1,22
<b>ii) Mortality rates</b>		
The mortality rates used during employment - SA 85-90 and Mortality after retirement - PA 90 ultimate table.		
<b>iii) Normal retirement age</b>		
The normal retirement age for employees of the municipality is 63 years for males and 58 years for females.		

**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	13 321 898	11 384 838
<b>Net liability/(asset)</b>	<b>13 321 898</b>	<b>11 384 838</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	11 384 838	7 445 908
Total expenses	1 192 320	635 523
Current service cost	634 512	255 431
Interest Cost	965 364	672 363
Benefits Paid	(407 556)	(292 271)
Actuarial (gains)/losses	744 740	3 303 407
Present value of fund obligation at the end of the year	13 321 898	11 384 838
<b>Less: Transfer of Current Portion - Note 6</b>	<b>(386 364)</b>	<b>(407 556)</b>
<b>Balance 30 June</b>	<b>12 935 534</b>	<b>10 977 282</b>

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

A one-year age reduction in the assumed rates of post-retirement mortality;

A one-year decrease in the assumed average retirement age; and

A 50% reduction in the assumed withdrawal rates

**Sensitivity Analysis on the Accrued Liability**

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	7,11	6,212	13,322	

The effect of movements in the assumptions are as follows:

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	8,761	6,949	15,710	18%
Health care inflation	5,817	5,583	11,400	-14%
Post-retirement mortality	7,349	6,438	13,787	3%
Average retirement age	7,698	6,212	13,911	4%
Withdrawal Rate	7,981	6,212	14,193	7%

2012  
R

2011  
R

### 3,2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 273 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R340 025, whereas the Interest cost for the next year is estimated to be R130 083.

Key actuarial assumptions used:

i) **Rate of interest**

	%	%
Discount rate	6,37	7,70
General Salary Inflation (long-term)	5,97	6,25
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0,38	1,36

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2 223 990	1 681 849
<b>Net liability</b>	<b>2 223 990</b>	<b>1 681 849</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2010 R	2009 R	2008 R
<b>Total Liability</b>	<b>1 355 364</b>	<b>1 290 847</b>	<b>1 243 715</b>



	2012 R	2011 R
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	1 681 849	1 355 364
Total expenses	230 684	147 402
Current service cost	190 092	204 090
Interest Cost	126 205	114 573
Benefits Paid	(85 613)	(171 261)
Actuarial losses /(gains)	311 457	179 083
Present value of fund obligation at the end of the year	2 223 990	1 681 849
<b>Less: Transfer of Current Portion - Note 6</b>	<b>(370 981)</b>	<b>(85 613)</b>
<b>Balance 30 June</b>	<b>1 853 009</b>	<b>1 596 236</b>

## Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		2,224	
General salary inflation	1%	2,352	6%
General salary inflation	-1%	2,107	-5%
Average retirement age	-2 yrs	2,002	-10%
Average retirement age	2 yrs	2,508	13%
Withdrawal rates	-50%	2,575	16%

### 3,3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

#### CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2009 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2011 financial year.

Contributions paid recognised in the Statement of Financial Performance	121 209	204 594
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	2012 R	2011 R
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**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2009 - 103.3%).

Contributions paid recognised in the Statement of Financial Performance	729 415	641 605
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**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	98 057	521 654
Municipal Councillors Pension Fund	189 359	719 898
Municipal Employees Pension Fund	418 406	144 538
SALA Pension Fund	2 218 250	1 596 768
<b>SAMWU National Provident Fund</b>	<b>1 407 633</b>	<b>1 620 856</b>
	<b>4 331 705</b>	<b>4 603 713</b>

**4 NON-CURRENT PROVISIONS**

Provision for Rehabilitation of Landfill-sites	4 429 126	4 218 215
Balance as previously reported	-	660 200
Correction of recognition of capitalised restoration costs - Refer to note 32,01	-	927 856
Correction of unwinding of interest for the year 30 June 2011 - Refer to note 32,01	-	164 678
Correction of unwinding of interest for the years ended 30 June 2010 - Refer to note 32,01	-	2 465 481
<b>Total Non-current provisions</b>	<b>4 429 126</b>	<b>4 218 215</b>

**Landfill Sites**

Balance 1 July	1 348 707	1 348 707
Balance as previously reported	-	420 851
Correction of recognition of capitalised restoration costs - Refer to note 32,01	-	927 856
Unwinding of Discounted Interest	3 080 419	2 869 508
Balance as previously reported	-	239 349
Correction of unwinding of interest for the years ended 30 June 2010 - Refer to note 32,01	-	2 465 481
Correction of unwinding of interest for the year 30 June 2011 - Refer to note 32,01	-	164 678
<b>Total provision 30 June</b>	<b>4 429 126</b>	<b>4 218 215</b>
<b>Less:</b> Current Portion to Current Provisions	<b>(3 575 698)</b>	<b>(3 405 427)</b>
Balance as previously reported	-	-
Transferred to Provisions - Refer to note 7	-	(3 405 427)
<b>Balance 30 June</b>	<b>853 428</b>	<b>812 789</b>

	2012 R	2011 R
The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:		
	<u>Jan Kemp Dorp</u>	<u>Hartswater (Old)</u>
Area (ha)	3,02	6,63
	<u>Pampierstad</u>	<u>Ganspan</u>
	1,40	0,99

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date	Cost of rehabilitation
Jan Kemp Dorp	2026	2 850 242
Hartswater (Old)	2012	2 583 700
Pampierstad	2012	512 004
Ganspan	2012	479 994
		<u>6 425 940</u>

## 5 CONSUMER DEPOSITS

Electricity and Water	2 132 122	1 936 417
<b>Total Consumer Deposits</b>	<b>2 132 122</b>	<b>1 936 417</b>

<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>-</b>	<b>-</b>
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The fair value of consumer deposits approximate their carrying value. No discounting of consumer deposits is being performed due to the uncertainty of the timing of future repayments. Interest is not paid on these amounts.

## 6 CURRENT EMPLOYEE BENEFITS

Staff Leave	2 984 449	2 392 720
Employee bonuses	731 339	726 841
Current Portion of Non-Current Employee benefits	757 345	493 169
Current Portion of Post Retirement Benefits - Note 3	386 364	407 556
Current Portion of Long-Service Awards - Note 3	370 981	85 613
<b>Total Provisions</b>	<b>4 473 132</b>	<b>3 612 730</b>

The movement in current provisions are reconciled as follows:

### Post Retirement Benefits

Balance at beginning of year	407 556	292 271
Adjustment from non-current	(21 192)	115 285
<b>Balance at end of year</b>	<b>386 364</b>	<b>407 556</b>



	2012 R	2011 R
<b><u>Long-service Awards</u></b>		
Balance at beginning of year	85 613	171 261
Adjustment from non-current	285 368	(85 648)
Balance at end of year	<b>370 981</b>	<b>85 613</b>

**Staff Leave**

Balance at beginning of year	2 392 721	2 848 537
Contribution to provision	790 139	679 445
Payments made during the year	(198 411)	(1 135 261)
Balance at end of year	<b>2 984 449</b>	<b>2 392 721</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. Which is capped to 48 days leave. This provision will be realised as employees take leave. There is no possibility of reimbursement.

**Employee Bonuses**

Balance at beginning of year	726 841	512 299
Contribution to provision	1 827 146	1 846 382
Expenditure incurred	(1 822 649)	(1 631 840)
Balance at end of year	<b>731 339</b>	<b>726 841</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represents the portion of the bonus that has already vested for the current salary cycle. There is no possibility of reimbursement.

**TOTAL - CURRENT EMPLOYEE BENEFITS**

Balance at beginning of year	3 612 731	3 824 368
Adjustment from non-current	264 176	29 637
Contribution to provision	2 617 286	2 525 827
Expenditure incurred	(2 021 060)	(2 767 100)
Balance at end of year	<b>4 473 133</b>	<b>3 612 731</b>

7

**Provisions**

Current Portion of Rehabilitation of Landfill sites - Refer to note 4	3 575 698	3 405 427
Balance as previously reported	-	-
Transferred from Non-Current Provisions - Refer to note 4	-	3 405 427
<b>Total provisions</b>	<b>3 575 698</b>	<b>3 405 427</b>

## TRADE AND OTHER PAYABLES

	2012 R	2011 R
Trade Payables	856 332	5 838 105
Balance as previously reported	-	1 327 817
Transferred from Repairs and Maintenance - Refer to note 32,04	-	592
Transferred from Taxes - Refer to note 32,04	-	13
Reclassification of vote as Trade and Other Payables from Other Recoverable Arrears - Refer to note 32,04	-	2 890 420
Transferred from Accumulated surplus - Refer to note 32,04	-	1 612 840
Transferred from Net Surplus (General Expenses - Advertising and Printing) - Refer to note 32,04	-	6 423
Debtors with credit balances	4 149 235	1 234 825
Balance as previously reported	-	-
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32,04	-	1 234 825
Retentions	-	-
Outstanding cheques	-	-
Balance as previously reported	-	-
Transferred from Cash and Cash Equivalents - Refer to note 32,04	-	-
Other Creditors	491 927	4 357 068
Balance as previously reported	-	15 008 197
Transferred to Accumulated Surplus - Refer to note 32,04	-	(3 011 176)
Transferred to Accumulated Surplus - Refer to note 32,04	-	(182 559)
Transferred to Accumulated Surplus - Refer to note 32,04	-	(1 561 648)
Transferred to Accumulated Surplus - Refer to note 32,04	-	(259 913)
Transferred to Accumulated Surplus - Refer to note 32,04	-	(179 703)
Transferred from Accumulated Surplus - Refer to note 32,04	-	(40 603)
Transferred to Net Surplus (Interest Earned - Outstanding Debtors) - Refer to note 32,04	-	(14 720 549)
Transferred to Net Surplus and Taxes (Creditor raised on 30 June 2010 paid in 2011) - Refer to note 32,04	-	(248)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/4/20/0402) - Refer to note 32,04	-	9 316 100
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/01/0120) - Refer to note 32,04	-	24 958
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/70/0285) - Refer to note 32,04	-	78 940
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/70/0285) - Refer to note 32,04	-	3 906
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/65/0111) - Refer to note 32,04	-	142 063
Transferred from Accumulated Surplus - Refer to note 32,04	-	(54 239)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32,04	-	(1 340)
Transferred to Accumulated Surplus - Refer to note 32,04	-	(210 269)

Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0520) - Refer to note 32,04	5 151
Deposits: Other	- 834
<b>Total Trade Payables</b>	<b>5 497 494 11 430 832</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Other deposits include hall and other deposits.

All payables are unsecured.

## 9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

### *Conditional Grants from other spheres of Government*

Unspent Grants	7 009 261	4 262 638
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Grant Providers	7 009 261	4 262 638
<b>Less: Unpaid Grants</b>	<b>4 917 738</b>	<b>7 797 087</b>
National Government Grants	4 917 738	7 797 087
Provincial Government Grants	-	-
District Municipality	-	-
Other Grant Providers	-	-
<b>Total Conditional Grants and Receipts</b>	<b>2 091 523</b>	<b>(3 534 450)</b>

Reconciliation of total grants and receipts

Balance previously reported	3 149 392
Correction of error - Refer to note 32,07	385 058
	<b>3 534 450</b>

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. Equitable share was withheld due to the non-application for the roll-over of the unspent portion on Finance Management Grant and Municipal Systems Improvement Grant.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.



	2012 R	2011 R
<b>10 TAXES</b>		
VAT Receivable /(Payable)	<b>10 993 425</b>	<b>12 407 416</b>
Balance as previously reported	-	3 111 171
Transferred to Trade and Other Payables - Refer to note 32,05	-	13
Transferred from Trade Receivables from Exchange Transactions (Creditor double raised) - Refer to note 32,05	-	(19 786)
Transferred to Trade Receivable from Exchange Transactions and Non-Exchange (Stale cheque not cancelled) - Refer to note 32,05	-	(168)
Transferred from Trade and Other Payables (Creditor not raised on 30 June 2011) - Refer to note 32,05	-	116
Transferred from Trade and Other Payables (Creditor raised on 30 June 2010 paid in 2011) - Refer to note 32,05	-	(30)
Transferred from Trade Receivable from Exchange Transactions and Non-Exchange (Debtors VAT accrued incorrectly classified vote 9000/00/4/20/0402) - Refer to note 32,05	-	9 316 100
<b>Total VAT Receivable / (Payable)</b>	<b>10 993 425</b>	<b>12 407 416</b>
Contribution to provision for impairment of trade receivables from exchange transactions included in above balance.	11 120 176	

VAT is (payable)/receivable on the cash basis.

PLEASE REPLACE THIS PAGE WITH THE PROPERTY, PLANT AND EQUIPMENT NOTE

	2012 R	2011 R
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11 ASSETS PLEDGED AS SECURITY:

No assets have been pledged as security.

**Impairment of property plant and equipment for the year**

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Infrastructure	408 513	408 513
Other	245 717	241 837
Balance as previously reported	-	224 998
Correction of error - Refer to note 11	-	16 839
	<b>654 230</b>	<b>650 350</b>

During a verification of the assets listed on the asset register it was determined that the condition of certain assets have deteriorated rather rapidly. Some assets were also found to be in a state of irreparable and thus were impaired.

Value of use was determined using the condition and remaining useful life. The condition was adjusted.

Cumulative impairment charges included in major balances

Infrastructure	408 513	408 513
Other	245 717	241 837
	<b>654 230</b>	<b>650 350</b>

Effect of changes in accounting estimates

No change in accounting estimate is expected.

12 INVESTMENT PROPERTY

Investment property as at 30 June	3 536 463	1 188 145
<b>Net Carrying amount at 1 July</b>	3 536 463	1 188 145
Cost	3 536 463	1 188 145
Accumulated Depreciation	-	-
Acquisitions - Transferred from Property, plant and Equipment	-	2 348 318
Balance as previously reported	-	-
Transferred from Property, Plant and Equipment (Incorrect classification of Investment property as Property, Plant and Equipment) - Refer to note 32,08	-	2 348 318
Depreciation for the year	-	-
<b>Net Carrying amount at 30 June</b>	<b>3 536 463</b>	<b>3 536 463</b>
Cost	3 536 463	3 536 463
Accumulated Depreciation	-	-
The fair value of Investment Properties is estimated at:	<b>3 536 463</b>	<b>3 536 463</b>
Cost	3 536 463	3 536 463
Accumulated Depreciation	-	-
Total not previously recognised now restated retrospectively	-	-

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

	2012 R	2011 R
Revenue derived from the rental of investment property.	130 716	120 994
Operating expenditure incurred on properties generating revenue	-	-
Operating expenditure incurred on properties not generating revenue	-	-

## 13 INTANGIBLE ASSETS

### Computer Software

<b>Net Carrying amount at 1 July</b>	<b>21 237</b>	<b>20 313</b>
Cost	28 728	22 331
Accumulated Amortisation	(7 490)	(2 018)
Acquisitions	-	6 397
Amortisation	(5 746)	(5 468)
Disposals	-	-
<b>Net Carrying amount at 30 June</b>	<b>15 492</b>	<b>21 242</b>
Cost	28 728	28 728
Accumulated amortisation	(13 236)	(7 490)

Description	Remaining Amortisation Period	Carrying Value	
Microsoft Office and Windows software	5	15 492	21 242
No intangible asset were assessed having an indefinite useful life.			
There are no internally generated intangible assets at reporting date.			
There are no intangible assets whose title is restricted.			
There are no intangible assets pledged as security for liabilities			
There are no contractual commitments for the acquisition of intangible assets.			

## 14 LONG TERM RECEIVABLES

Long term Debtors	257 031	-
<b>Less:</b> Provision for Impairment of Long Term Receivables	257 031	-
<b>Total Long Term Receivables</b>	-	-

The carrying amount of these assets approximates their fair value.

The provision for Impairment could be allocated to the different classes of Long Term Receivables as follows:

Long term Debtors	257 031	-
Provision for impairment	<b>257 031</b>	-

The provision for impairment of long term receivables is included in the provision for trade receivables. No discounting was implemented as 100% of the long term receivables were provided for as a provision for bad debts.



15

**INVENTORY**

	2012 R	2011 R
Consumable stores, raw materials, work in progress and finished goods	912 494	1 567 343
Water – at cost	370 549	6 903
<b>Total Inventory</b>	<b>1 283 043</b>	<b>1 574 246</b>
Consumable stores materials written down due to losses as identified during the annual stores counts.	<b>2 460</b>	<b>404</b>
Consumable stores materials surpluses identified during the annual stores counts.	<b>267 131</b>	<b>580 756</b>
Inventory recognised as an expense during the year	<b>3 391 971</b>	<b>2 572 483</b>
No inventory was pledged as security for liabilities.		

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**TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**Service Receivables**

Electricity	8 992 646	5 750 215
Water	31 014 938	23 580 071
Refuse	17 399 937	14 020 260
Sewerage	27 177 375	21 843 245
Other Consumer Arrears	<b>48 046 586</b>	<b>28 478 832</b>
Balance as previously reported	-	30 953 573
Transferred to Accumulated Surplus - Refer to note 32,06	-	(6 000)
Transferred to Accumulated Surplus - Refer to note 32,06	-	(192)
Transferred to Net Surplus and Taxes - Refer to note 32,06	-	1 366
Transferred to Accumulated Surplus - Refer to note 32,06	-	(502 669)
Transferred to Accumulated Surplus - Refer to note 32,06	-	(162 438)
Transferred to Net Surplus (General expenses - Insurance general) - Refer to note 32,06	-	(348 346)
Transferred to Net Surplus (General expenses - Insurance general) - Refer to note 32,06	-	(2 384)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 32,06	-	(17 240)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 32,06	-	(38 556)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 32,06	-	(2 193)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 32,06	-	(1 519)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 32,06	-	(439)
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 32,06	-	12 360
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 32,06	-	1 233
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 32,06	-	23 839
Transferred to Net Surplus (Service Charges) - Refer to note 32,06	-	(235 525)
Transferred to Net Surplus (Other Income - Other) - Refer to note 32,06	-	(6 061)
Transferred to Accumulated Surplus - Refer to note 32,06	-	(174 659)
Transferred to Net Surplus (General Expenses - Bank Charges) - Refer to note 32,06	-	(102 831)
Transferred to Accumulated Surplus - Refer to note 32,06	-	(252 151)
Transferred to Net Surplus (General Expenses - Telephone) - Refer to note 32,06	-	(278 758)
Transferred to Net Surplus (General Expenses - Fuel) - Refer to note 32,06	-	(9 338)
Transferred from Net Surplus (Agency Services) - Refer to note 32,06	-	92 051

	2012 R	2011 R
Transferred to Accumulated Surplus - Refer to note 32,06	-	(491 725)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/70/0285) - Refer to note 32,06	-	3 906
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32,06	-	1 234 825
Reclassification of Other Consumer Arrears to Other Recoverable Arrears (9000/00/8/01/0028, 9000/00/8/01/0102, 9000/00/8/02/0510, 9000/00/8/02/0555 and 9000/00/8/02/0570 was reclassified) Refer to note 32,06	-	(1 211 294)
<b>Other Recoverable Arrears</b>	<b>1 046 633</b>	<b>597 313</b>
Balance as previously reported	-	(2 846 476)
Transferred to Net Surplus (Creditor double raised) - Refer to note 32,06	-	141 327
Transferred to Taxes (Creditor double raised) - Refer to note 32,06	-	19 786
Reclassification of vote as Trade and Other Payables from Other Recoverable Arrears - Refer to note 32,06	-	2 890 420
Transferred to Accumulated Surplus - Refer to note 32,06	-	(281)
Transferred to Accumulated Surplus - Refer to note 32,06	-	(2 335)
Transferred to Accumulated Surplus - Refer to note 32,06	-	(2 445)
Transferred to Accumulated Surplus - Refer to note 32,06	-	(1 801)
Transferred to Accumulated Surplus - Refer to note 32,06	-	(340 258)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/4/20/0402) - Refer to note 32,06	-	9 316 100
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0515) - Refer to note 32,06	-	24 958
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/01/0120) - Refer to note 32,06	-	78 940
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/65/0111) - Refer to note 32,06	-	142 063
Reclassification of Other Consumer Arrears to Other Recoverable Arrears (9000/00/8/01/0028, 9000/00/8/01/0102, 9000/00/8/02/0510, 9000/00/8/02/0555 and 9000/00/8/02/0570 was reclassified) Refer to note 32,06	-	1 211 294
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32,06	-	(1 340)
Transferred to Accumulated Surplus - Refer to note 32,06	-	(242 963)
Transferred to Net Surplus (Salary consumer - service charges) - Refer to note 32,06	-	(411 147)
Transferred to Net Surplus (General expenses - Telephone) - Refer to note 32,06	-	(67 579)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0520) - Refer to note 32,06	-	5 151
Transferred to Taxes (Debtors VAT accrued incorrectly classified vote 9000/00/4/20/0402) - Refer to note 32,06	-	(9 316 100)

	2012 R	2011 R
Outstanding Deposits	300	13 896
Balance previously reported	-	-
Transferred from Cash and Cash Equivalents - Refer to note 32,06	-	13 896
Total Service Receivables	133 678 415	94 283 833
Provision for Impairments	(120 007 181)	(81 406 411)
Net Service Receivables	<b>13 671 234</b>	<b>12 877 421</b>

The fair value of receivables approximate their carrying value.

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions

**(Electricity): Ageing**

Current (0 - 30 days)	2 947 450	2 266 327
31 - 60 Days	965 172	493 082
61 - 90 Days	875 123	244 265
+ 90 Days	4 204 902	2 746 542
<b>Total</b>	<b>8 992 646</b>	<b>5 750 216</b>

**(Water): Ageing**

Current (0 - 30 days)	1 321 705	1 565 355
31 - 60 Days	901 511	1 136 132
61 - 90 Days	990 323	1 837 293
+ 90 Days	27 801 399	19 041 292
<b>Total</b>	<b>31 014 938</b>	<b>23 580 072</b>

**(Refuse): Ageing**

Current (0 - 30 days)	386 700	407 016
31 - 60 Days	332 749	353 253
61 - 90 Days	325 788	340 452
+ 90 Days	16 354 699	12 919 539
<b>Total</b>	<b>17 399 937</b>	<b>14 020 260</b>

**(Sewerage): Ageing**

Current (0 - 30 days)	625 059	673 052
31 - 60 Days	514 800	565 510
61 - 90 Days	503 770	548 403
+ 90 Days	25 533 746	20 056 280
<b>Total</b>	<b>27 177 375</b>	<b>21 843 245</b>

**(Other Consumer): Ageing**

Current (0 - 30 days)	1 464 880	1 036 942
31 - 60 Days	1 145 050	690 431
61 - 90 Days	1 115 052	699 012
+ 90 Days	44 321 604	26 052 448
<b>Total</b>	<b>48 046 586</b>	<b>28 478 832</b>



	2012 R	2011 R
<b>Reconciliation of Provision for Bad Debts for Exchange transactions</b>		
Balance at beginning of year	81 406 411	63 612 130
Contribution to provision/(Reversal of provision)	38 600 769	17 794 281
Bad Debts Written Off	-	-
<b>Balance at end of year</b>	<b>120 007 181</b>	<b>81 406 411</b>

The Provision for Impairment could be allocated between the different classes of receivables as follows:

Electricity	4 204 902	2 746 542
Water	27 801 399	19 041 292
Refuse	16 354 699	12 919 539
Sewerage	25 533 746	20 056 280
Other	46 112 435	26 642 758
	<b>120 007 181</b>	<b>81 406 411</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

## 17 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

### Receivables

Rates	14 520 121	12 241 001
<b>Total Receivables</b>	<b>14 520 121</b>	<b>12 241 001</b>
Provision for Impairments	(13 297 492)	(11 269 307)
<b>Net Receivables</b>	<b>1 222 629</b>	<b>971 695</b>
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>1 222 629</b>	<b>971 695</b>

Ageing of Receivables from Non-Exchange Transactions

### (Rates): Ageing

Current (0 - 30 days)	592 804	506 805
31 - 60 Days	335 582	250 749
61 - 90 Days	294 243	214 141
+ 90 Days	13 297 492	11 269 307
<b>Total</b>	<b>14 520 121</b>	<b>12 241 001</b>

### Reconciliation of Provision for Bad Debts for Non-exchange transactions

Balance at beginning of year	11 269 307	-
Contribution to provision/(Reversal of provision)	2 028 185	11 269 307
Bad Debts Written Off	-	-
<b>Balance at end of year</b>	<b>13 297 492</b>	<b>11 269 307</b>



Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Debtors with a total outstanding balance of R 1 239 922 (2011 - R0) have arranged to settle their account over an re-negotiated period. Total payments to the value of R 257 031 (2011 - R 0) have been deferred beyond 12 months after year end and subsequently included as part of long term debtors.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

2012  
R

2011  
R

## 18 CURRENT INVESTMENTS

Fixed Deposits	-	8 759 612
<b>Total Current Investments</b>	-	<b>8 759 612</b>

Fixed Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 5.82% % to 6.35 % per annum.

Fixed deposits consist out of the following accounts

Leave Investment - Standard Bank - 048559032-001	-	1 707 487
Fixed Deposit - Standard Bank - 048559032-005	-	7 052 125
	-	8 759 612

## 19 CASH AND CASH EQUIVALENTS

### Assets

Call and short-term Investments Deposits	26 441 818	8 013 504
Primary Bank Account	9 637 485	1 126 869
Balance as previously reported	-	1 140 765
Transferred to Trade and Other Payables - Outstanding cheques - Refer to note 32,03	-	-
Transferred to Trade Receivables from Exchange Transactions - Outstanding deposits - Refer to note 32,03	-	(13 896)
CRR - Bank account	943 771	943 771
Cash Floats	1 395	1 395
Balance as previously reported	-	1 955
Transferred to Accumulated Surplus - Refer to note 32,03	-	(160)
Transferred to Accumulated Surplus - Refer to note 32,03	-	(400)
<b>Total Cash and Cash Equivalents - Assets</b>	<b>37 024 469</b>	<b>10 085 539</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R26 236 336 are held to fund the Unspent Conditional Grants (2011: R16 773 117).

The municipality has a guarantee of R95 000 relating to Eskom, contract number 31170209875 with no expiry date.

The Municipality has a limited cession over the ABSA investment account 2057015909.

Undrawn facilities held with ABSA bank include the following:

GBF: Overnight	R 1 000 000
GAR:	R 95 000
Fleet card:	R 5 000
ATFS:	R 43 000

The municipality has the following bank accounts:

## Current Accounts

ABSA Bank - Hartswater Branch - Account Number 1930000309	9 637 485	1 126 869
ABSA Bank - Hartswater Branch - Account Number 1930000317	943 771	943 771
	<u>10 581 256</u>	<u>2 070 640</u>

## ***ABSA Bank - Hartswater Branch - Account Number 1930000309***

Cash book balance at beginning of year	1 140 765	(7 950 249)
Cash book balance at end of year	<u>9 637 785</u>	<u>1 140 765</u>

Bank statement balance at beginning of year	1 126 869	1 351 320
Bank statement balance at end of year	<u>9 637 485</u>	<u>1 126 869</u>

## ***ABSA Bank - Hartswater Branch - Account Number 1930000317***

Cash book balance at beginning of year	943 771	943 771
Cash book balance at end of year	<u>943 771</u>	<u>943 771</u>

Bank statement balance at beginning of year	943 770	943 770
Bank statement balance at end of year	<u>943 770</u>	<u>943 770</u>

## Call Investment Deposits

Call investment deposits consist out of the following accounts:

Leave Investment - Standard Bank - 048559032-001	1 834 015	-
Fixed Deposit - Standard Bank - 048559032-005	7 539 453	-
General Call - Projects ABSA Bank - 911851699	4 893 587	3 704 307
Investment Projects - ABSA Bank - 2062421535	-	2 766 392
General Replacement Reserve - ABSA Bank - 2057015909	1 626 266	1 542 805
32 Day Notice Deposit - Standard Bank - 048559032 - 009	1 043	-
Fixed Deposit - Standard Bank - 048559032-006	5 273 727	-
Fixed Deposit - Standard Bank - 048559032-007	5 273 727	-
	<u>26 441 818</u>	<u>8 013 504</u>

PROPERTY RATES

Actual

**Rateable Land and Buildings**

Residential Property  
Commercial Property  
Agricultural Purposes  
State - National / Provincial Services  
Transnet

**Less: Rebates**

**Total Assessment Rates**

2012  
R

2011  
R

7 926 865	7 157 223
4 468 739	4 026 929
2 076 047	1 870 795
962 588	867 420
419 491	378 017
-	14 061
-	-
<b>7 926 865</b>	<b>7 157 223</b>

Valuations

Rateable Land and Buildings  
Residential Property  
Commercial Property  
Church  
Industrial Property  
Agricultural Purposes  
State - National / Provincial Services  
Municipal Property  
Transnet

**Total Assessment Rates**

1 537 331 000	1 463 764 709
627 264 400	381 541 389
84 305 400	185 829 240
54 200 000	-
3 609 000	47 995 102
726 449 000	709 405 500
19 280 900	73 170 000
22 222 300	64 663 678
-	1 159 800
<b>1 537 331 000</b>	<b>1 463 764 709</b>

A General Valuation was performed during the prior year effective from 1 July 2009. No interim valuations were performed.

Assessment Rates are levied on the value of land and improvements.

A rate in the rand for Transnet of R0.01204, Commercial and Industrial of R0.0172, Residential Pensioners of R0.0043, Agricultural of R0.0010755 and all other at R0.01032 was charged on the total valuation.

A Rebate was granted on the value of residential properties - R15 000.

Rates of Indigent Household are subsidised on a value of the first R15 000.

Rates are levied monthly and payable by the 15th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

**Rebates on Income - Basic Rate:**

Residential	0.00688c/R	0.90c/R
Residential Pensioners	0.0129c/R	0.38c/R
Commercial & Industrial	0c/R	1.5c/R
Agricultural	0.0129c/R	0.90c/R
State - National / Provincial Services	0.00688c/R	0.90c/R
Transnet	0c/R	1.05c/R

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

## 21 GOVERNMENT GRANTS AND SUBSIDIES

### Unconditional Grants

Equitable Share - Refer to Note 21,1

### Conditional Grants

DWAF Grant

Other Grants

Total Government Grants and Subsidies

Government Grants and Subsidies - Capital

Government Grants and Subsidies - Operating

	2012 R	2011 R
<b>Unconditional Grants</b>	<b>56 299 000</b>	<b>50 646 403</b>
Equitable Share - Refer to Note 21,1	56 299 000	50 646 403
<b>Conditional Grants</b>	<b>27 906 700</b>	<b>47 753 780</b>
DWAF Grant	1 507 676	872 000
Other Grants	26 399 024	46 881 780
<b>Total Government Grants and Subsidies</b>	<b>84 205 700</b>	<b>98 400 183</b>
Government Grants and Subsidies - Capital	-	-
Government Grants and Subsidies - Operating	84 205 700	98 400 183
	<b>84 205 700</b>	<b>98 400 183</b>

The municipality does not expect any significant changes to the level of grants.

Equitable share was held back in 2011/12 to the amount of R417 000 due to the non-application for the rollover of the unspent portion on MSIG and FMG grants as at 30 June 2011.

See Appendix F for more details in terms of Section 123 of the MFMA.

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	56 299 000	50 646 403
Executive & Council	943 152	825 231
Budget & Treasury	1 137 706	1 205 916
Corporate Services	2 563 736	12 294 020
Planning & Development	-	-
Health	-	-
Community & Social Services	599 879	795 000
Housing	-	-
Public Safety	-	-
Sport & Recreation	27 770	-
Environmental Protection	-	-
Waste Management	-	-
Waste Water Management	5 615 725	1 936 974
Road Transport	3 638 064	6 563 014
Water	11 196 669	23 837 225
Electricity	2 184 000	296 400
	<b>84 205 700</b>	<b>98 400 183</b>

### 21,1 Equitable share

Opening balance

Grants received

Conditions met - Operating

Conditions met - Capital

Conditions still to be met

Opening balance	-	-
Grants received	56 299 000	50 646 403
Conditions met - Operating	(56 299 000)	(50 646 403)
Conditions met - Capital	-	-
Conditions still to be met	-	-



The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

**21,2 Health Subsidy**

	2012 R	2011 R
Opening balance	-	-
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-

Health subsidies was used fund primary health care services in the municipal area.

**21,3 Local Government Financial Management Grant (FMG)**

Opening balance	40 192	49 691
Grants received	1 500 000	1 250 000
Conditions met - Operating	(1 137 706)	(1 259 499)
Conditions still to be met	402 486	40 192

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

**21,4 Municipal Systems Improvement Grant**

Opening balance	344 304	419 535
Grants received	790 000	750 000
Conditions met - Operating	(943 152)	(825 231)
Conditions still to be met	191 152	344 304

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

**21,5 Municipal Infrastructure Grant (MIG)**

Opening balance	(4 128 210)	(4 449 570)
Grants received	21 735 000	14 072 000
Conditions met - Capital	(18 855 651)	(13 750 639)
Grant expenditure to be recovered	(1 248 861)	(4 128 210)

The grant was used to upgrade infrastructure in previously disadvantaged areas.

	2012 R	2011 R
<b>21,6 Housing Grants</b>		
Opening balance	1 001 426	2 774 886
Balance Previously Reported	-	2 834 186
	-	(59 300)
Grants received	<b>4 638 949</b>	<b>14 377 935</b>
Conditions met - Operating	-	-
Balance Previously Reported	-	-
Transferred to Net Surplus - Refer to note 32,07	-	-
Conditions met - Capital	(2 563 736)	(16 151 394)
Balance Previously Reported	-	(28 074 810)
Transferred to Net Surplus - Refer to note 32,07	-	11 923 416
Conditions still to be met	<b>3 076 640</b>	<b>1 001 426</b>

Housing grants was utilised for the development of erven and the erection of top structures.

<b>21,7 Integrated National Electrification Grant</b>		
Opening balance	(1 044 260)	(910 860)
Grants received	2 184 000	163 000
Conditions met - Capital	(2 184 000)	(296 400)
Grant expenditure to be recovered	<b>(1 044 260)</b>	<b>(1 044 260)</b>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

<b>21,8 Other Grants</b>		
Opening balance	252 097	2 636 297
Balance Previously Reported	-	2 962 055
Transferred to Accumulated Surplus - Refer to note 32,07	-	(3 497)
Transferred to Accumulated Surplus - Refer to note 32,07	-	(213 727)
Transferred to Accumulated Surplus - Refer to note 32,07	-	(137 581)
Transferred to Accumulated Surplus - Refer to note 32,07	-	(5 418)
Transferred to Accumulated Surplus - Refer to note 32,07	-	(3 546)
Transferred from Accumulated Surplus - Refer to note 32,07	-	20 453
Transferred to Accumulated Surplus - Refer to note 32,07	-	(53 315)
Transferred to Accumulated Surplus - Refer to note 32,07	-	(1 053)
Transferred from Accumulated Surplus - Refer to note 32,07	-	50 585
Transferred from Accumulated Surplus - Refer to note 32,07	-	21 341
Grants received	2 684 723	1 163 000
Conditions met - Operating	(2 107 555)	(1 163 000)
Conditions met - Capital	(114 901)	(2 384 199)
Conditions still to be met	<b>714 365</b>	<b>252 097</b>

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)

	2012 R	2011 R
<b>21,9 Total Grants</b>		
Opening balance	(3 534 450)	519 978
Grants received	89 831 672	82 422 338
Conditions met - Operating	(60 487 412)	(53 894 133)
Conditions met - Capital	(23 718 288)	(32 582 633)
Conditions still to be met/(Grant expenditure to be recovered)	2 091 521	(3 534 450)

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	7 009 261	4 262 638
Unpaid Conditional Government Grants and Receipts	(4 917 738)	(7 797 087)
	<b>2 091 523</b>	<b>(3 534 450)</b>

## 22 SERVICE CHARGES

<b>Electricity</b>	<b>47 649 762</b>	<b>38 435 593</b>
Service Charges	48 721 209	38 687 503
<u>Less:</u> Rebates	(1 071 447)	(251 910)

<b>Water</b>	<b>18 566 439</b>	<b>13 418 395</b>
Service Charges	18 651 884	13 861 105
<u>Less:</u> Rebates	(85 445)	(442 710)

<b>Refuse Removal</b>	<b>4 727 399</b>	<b>4 918 014</b>
Service Charges	5 340 551	5 185 029
<u>Less:</u> Rebates	(613 153)	(267 015)

<b>Sewerage and Sanitation Charges</b>	<b>6 111 371</b>	<b>5 326 993</b>
Service Charges	8 672 873	7 810 950
<u>Less:</u> Rebates	(2 561 502)	(2 483 958)

Total Service Charges	77 054 971	62 098 995
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Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

## 23 OTHER INCOME

Building Plan Fees	18 386	22 673
Burial Fees	79 273	74 200
Consumer Connections	29 774	72 931
Commission	59 372	56 765
Other	41 617	471 647
Plant Hire	400	-
Raw Water	14 198	2 736
Refunds	214 274	44 668
Sale of Erven	273 794	2 850
Sundries	1 234 093	409 900
Insurance	-	37 431
<b>Total Other Income</b>	<b>1 965 179</b>	<b>1 195 802</b>

## EMPLOYEE RELATED COSTS

	2012 R	2011 R
Employee Related Costs - Salaries and Wages	25 797 858	22 693 337
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	6 318 830	5 246 151
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 113 232	1 160 201
Housing Benefits and Allowances	213 188	206 345
Overtime Payments	918 059	947 553
Bonuses	1 827 146	1 846 382
Other Payments	390 778	319 894
Provision for leave	790 139	679 445
Contribution to provision - Long Service Awards - Note 4 and 6	249 737	32 829
Contribution to provision - Post Retirement Medical - Note 4 and 6	226 956	(36 840)
<b>Total Employee Related Costs</b>	<b>37 845 924</b>	<b>33 095 297</b>

## KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

## REMUNERATION OF KEY MANAGEMENT PERSONNEL

### Remuneration of the Municipal Manager - Mr MP Dichaba

Annual Remuneration	525 321	495 586
Motor vehicle Allowance	149 272	141 686
Cell phone Allowance	7 632	7 200
Housing Subsidy	-	-
Annual Bonus	-	-
Contributions - UIF, Medical, Pension, Bargaining Council Levy	112 774	105 528
<b>Total</b>	<b>795 000</b>	<b>750 000</b>

### Remuneration of the Chief Finance Officer - Mr TP Sediti

Annual Remuneration	413 400	392 708
Motor vehicle Allowance	79 500	75 000
Housing Allowance	58 023	56 289
Annual Bonus	34 450	29 792
Contributions to UIF, Medical and Pension Funds	104 036	96 211
<b>Total</b>	<b>689 409</b>	<b>650 000</b>

### Remuneration of Director : Technical Services

Annual Remuneration	-	300 625
Motor vehicle Allowance	-	103 781
Cell phone Allowance	-	5 000
Annual Bonus	-	32 500
Contributions - UIF, Medical, Pension, Bargaining Council Levy	-	80 811
Leave paid	-	54 600
<b>Total</b>	<b>-</b>	<b>577 317</b>



	2012 R	2011 R
<b>Remuneration of Director : Community Services</b>		
Annual Remuneration	-	-
Motor vehicle Allowance	-	-
Cell phone Allowance	-	-
Group Scheme Insurance	-	-
Annual Bonus	-	-
Leave pay	-	-
Contributions - UIF, Medical, Pension, Bargaining Council Levy	-	-
<b>Total</b>	-	-

<b>Remuneration of Director : Corporate Services - Mr MA Motswana</b>		
Annual Remuneration	399 061	376 572
Motor vehicle Allowance	79 500	75 000
Housing Allowance	73 846	
Cell phone Allowance	6 360	6 000
Annual Bonus	33 255	31 273
Contributions - UIF, Medical, Pension, Bargaining Council Levy	96 978	90 023
<b>Total</b>	<b>689 000</b>	<b>578 868</b>

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#### REMUNERATION OF COUNCILLORS

Mayor	611 695	660 908
Speaker	488 621	208 916
Executive Committee Members	757 221	506 036
Councillors	2 560 004	3 077 991
Other Councillors' contributions and allowances	493 914	-
<b>Total Councillors' Remuneration</b>	<b>4 911 455</b>	<b>4 453 852</b>

#### In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

#### *Certification by the Municipal Manager*

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....  
Signed: Municipal Manager

		2012 R	2011 R
26	<b>DEBT IMPAIRMENT</b>		
	Receivables - Note 16	40 628 954	29 063 588
	<b>Total Contribution to Bad Debts Provision</b>	<b>40 628 954</b>	<b>29 063 588</b>
	Less: Portion Relating to VAT - Refer to note 10	(11 120 176)	-
	<b>Debt impairment recognised in statement of financial performance</b>	<b>29 508 778</b>	<b>29 063 588</b>
27	<b>IMPAIRMENTS</b>		
	Property, Plant and Equipment	-	633 511
	Landfill sites	3 880	16 839
		<b>3 880</b>	<b>650 350</b>
	Property, plant and equipment was impaired due to the assessment of the condition of the assets and adjusted accordingly.		
	Land fill sites are impaired due to changes in the interest rates on the Land fill provision.		
28	<b>FINANCE CHARGES</b>		
	External Interest	1 364 436	1 088 568
	<b>Total finance charges</b>	<b>1 364 436</b>	<b>1 088 568</b>
29	<b>BULK PURCHASES</b>		
	Electricity	27 070 672	26 491 565
	Water	14 820 321	14 885 778
	<b>Total Bulk Purchases</b>	<b>41 890 993</b>	<b>41 377 343</b>
30	<b>GRANTS AND SUBSIDIES</b>		
	Sedibeng indigent support paid to external service provider	1 025 286	1 210 850
	Financial Management Grant	1 064 089	1 337 613
	Municipal Systems Improvement Grant	827 326	539 663
	Library Grant	340 958	82 942
	Other Grants	-	-
	<b>Total Grants and Susidies</b>	<b>3 257 659</b>	<b>3 171 068</b>
	Operating grant expenditure per vote		
	Executive & Council	827 326	539 663
	Budget & Treasury	1 064 089	1 337 613
	Corporate Services	-	11 923 416
	Community & Social Services	340 958	82 942
	Water	1 025 286	1 210 850
	<b>Total Operating grant expenditure</b>	<b>3 257 659</b>	<b>15 094 485</b>

	2012 R	2011 R
<b>31 GENERAL EXPENSES</b>		
Sedibeng O&M contribution	2 743 818	4 977 983
Fuel	1 370 513	1 132 271
Telephone	1 114 477	906 866
Legal Cost	672 335	413 300
Audit Fees	1 964 181	2 360 907
Lease	406 796	492 851
Subsistence and Travelling	1 152 473	623 853
Bank Charges	469 954	575 125
Waterpurification	1 226 928	833 053
Land Survey Cost	307 845	433 635
Advertising, Printing and Stationary	814 235	849 495
Security	1 134 292	646 592
Sewerage Removal	18 646	201 902
Social Responsibility	302 818	129 313
Postage	231 128	155 888
Credit Control Improvement	1 060 855	404 402
Membership Fees	394 287	232 542
Ward Committee Expenses	783 836	342 900
Valuation Cost	902 446	1 198 399
Licences	539 228	90 716
Fines	44 815	120 000
Insurance General	491 408	356 251
Training	186 194	-
Other	1 450 592	3 177 081
Electricity charges	1 330 200	-
Cleaning costs	54 977	-
Assets uncleared	934 234	-
	<b>22 103 510</b>	<b>20 655 325</b>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This includes items such as telecommunications and consulting fees.

**32 CORRECTION OF ERROR IN TERMS OF GRAP 3**

**32,01 NON-CURRENT PROVISION**

<b>Balance previously reported</b>	-	<b>660 200</b>
Correction of recognition of capitalised restoration costs 30 June 2010 - Refer to note 32,02	-	927 856
Correction of unwinding of interest for the year 30 June 2011 - Refer to note 33	-	164 678
Correction of unwinding of interest for the years ended 30 June 2010 - Refer to note 32,09	-	2 465 481
	<b>-</b>	<b>4 218 215</b>

	2012 R	2011 R
<b>32,02 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Balance previously reported - Property, plant and equipment</b>	-	<b>182 759 603</b>
Correction of recognition of capitalised restoration costs 30 June 2010 - Refer to note 32,01	-	927 856
Transferred to Depreciation and Amortisation - Recognition of Depreciation for the year ended 30 June 2011 - Refer to note 33	-	(60 597)
Transferred to Depreciation and Amortisation - Recognition of Impairment for the year ended 30 June 2011 - Refer to note 33	-	(9 483)
Transferred to Accumulated Surplus - Recognition of Depreciation and Impairment for the years ended 30 June 2010 - Refer to note 32,09	-	(914 728)
Correction of disclosure of additions between Infrastructure Water and Sewerage - Refer to note 11	-	25 183 402
Correction of disclosure of additions between Infrastructure Water and Sewerage - Refer to note 11	-	(25 183 402)
Transferred to Operating Grant expenditure - Refer to note 32,07	-	(11 923 416)
Transferred from Accumulated Surplus (Correction of purchase date of assets) - Refer to note 32,09	-	1 538 945
Transferred to Net Surplus (Correction of purchase date of assets) - Refer to note 33	-	(203 445)
Transferred from Accumulated Surplus (Correction of purchase cost of assets) - Refer to note 32,09	-	295 756
Transferred from Accumulated Surplus (Correction of purchase cost of assets) - Refer to note 32,09	-	230
Transferred to Net Surplus (Correction of Depreciation charge) - Refer to note 33	-	(5 765)
Transferred from Property, Plant and Equipment (Incorrect classification of Investment property as Property, Plant and Equipment) - Refer to note 32,08	-	(2 348 318)
	-	<b>170 056 638</b>
<b>32,03 CASH AND CASH EQUIVALENTS</b>		
<b>Balance previously reported</b>	-	<b>10 099 995</b>
Transferred to Accumulated Surplus (Cash floats correction) - Refer to note 32,09	-	(160)
Transferred to Accumulated Surplus (Theft of cash float) - Refer to note 32,09	-	(400)
Transferred to Trade and Other Payables (Outstanding cheques not disclosed separately) - Refer to note 32,04	-	-
Transferred to Trade Receivables from Exchange Transactions (Outstanding deposits not disclosed correctly separately) - Refer to note 32,06	-	(13 896)
	-	<b>10 085 539</b>



	2012 R	2011 R
<b>32,04 TRADE AND OTHER PAYABLES</b>		
<b>Balance previously reported</b>	-	<b>16 336 849</b>
Transferred from Repairs and Maintenance - Refer to note 33	-	592
Transferred from Taxes - Refer to note 32,05	-	13
Reclassification of vote as Trade and Other Payables from Other Recoverable Arrears - Refer to note 32,06	-	2 890 420
Transferred from Accumulated surplus - Refer to note 32,09	-	1 612 840
Transferred to Accumulated surplus - Refer to note 32,09	-	(3 011 176)
Transferred to Accumulated surplus - Refer to note 32,09	-	(182 559)
Transferred to Accumulated surplus - Refer to note 32,09	-	(1 561 648)
Transferred to Cash and Cash Equivalents (Outstanding cheques) Refer to note 32,03	-	-
Transferred to Accumulated surplus - Refer to note 32,09	-	(259 913)
Transferred to Accumulated surplus - Refer to note 32,09	-	(179 703)
Transferred from Accumulated surplus - Refer to note 32,09	-	(40 603)
Transferred to Net Surplus (Interest Earned - Outstanding Debtors) - Refer to note 33	-	(14 720 549)
Transferred from Net Surplus (Creditor not raised 30 June 2011 - General Expenses - Advertising and Printing) - Refer to note 33	-	6 307
Transferred from Taxes (Creditor not raised in 30 June 2011) - Refer to note 32,05	-	116
Transferred to Taxes (Creditor raised on 30 June 2010 paid in 2011) - Refer to note 32,05	-	(30)
Transferred to Net Surplus (Repairs and Maintenance) (Creditor raised on 30 June 2010 paid in 2011) - Refer to note 33	-	(217)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/4/20/0402) - Refer to note 32,06	-	9 316 100
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0515) - Refer to note 32,06	-	24 958
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/01/0120) - Refer to note 32,06	-	78 940
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/70/0285) - Refer to note 32,06	-	3 906
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32,06	-	1 234 825
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/65/0111) - Refer to note 32,06	-	142 063
Transferred to Accumulated surplus (Income recognised in 2009/2010 - Refer to note 32,09)	-	(54 239)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32,06	-	(1 340)
Transferred to Accumulated Surplus - Refer to note 32,09	-	(210 269)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0520) - Refer to note 32,06	-	5 151
	-	<b>11 430 832</b>

	2012 R	2011 R
<b>32,05 TAXES</b>		
<b>Balance previously reported</b>	-	3 111 171
Transferred to Trade and Other Payables - Refer to note 32,04	-	13
Transferred from Trade Receivables from Exchange Transactions (Creditor double raised) - Refer to note 32,06	-	(19 786)
Transferred from Trade Receivables From Exchange Transactions and Non-Exchange - Refer to note 32,06	-	(168)
Transferred from Trade and Other Payables (Creditor not raised on 30 June 2011) - Refer to note 32,04	-	116
Transferred from Trade and Other Payables (Creditor raised on 30 June 2010 paid in 2011) - Refer to note 32,04	-	(30)
Transferred from Trade Receivable from Exchange Transactions and Non-Exchange (Debtors VAT accrued incorrectly classified vote 9000/00/4/20/0402) - Refer to note 32,06		9 316 100
	-	<b>12 407 416</b>

## 32,06 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS AND NON-EXCHANGE

<b>Balance previously reported</b>	-	11 894 477
Transferred to Net Surplus (Creditor double raised) - Refer to note 33	-	141 327
Transferred to Taxes (Creditor double raised) - Refer to note 32,05	-	19 786
Reclassification of vote as Trade and Other Payables from Other Recoverable Arrears - Refer to note 32,04	-	2 890 420
Transferred to Accumulated Surplus - Refer to note 32,09	-	(6 000)
Transferred to Accumulated Surplus - Refer to note 32,09	-	(192)
Transferred to Accumulated Surplus - Refer to note 32,09	-	(281)
Transferred to Accumulated Surplus - Refer to note 32,09	-	(2 335)
Transferred to Accumulated Surplus - Refer to note 32,09	-	(2 445)
Transferred to Accumulated Surplus - Refer to note 32,09	-	(1 801)
Transferred to Cash and Cash Equivalents (Outstanding Deposits) Refer to note 32,03	-	13 896
Transferred from Net Surplus (Stale cheque not cancelled) - Refer to note 33	-	1 198
Transferred from Taxes (Stale cheque not cancelled) - Refer to note 32,05	-	168
Transferred to Accumulated Surplus - Refer to note 32,09	-	(502 669)
Transferred to Accumulated Surplus - Refer to note 32,09	-	(162 438)
Transferred to Accumulated Surplus - Refer to note 32,09	-	(340 258)
Transferred to Net Surplus (General expenses - Insurance general) - Refer to note 33	-	(348 346)
Transferred to Net Surplus (General expenses - Insurance general) - Refer to note 33	-	(2 384)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 33	-	(17 240)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 33	-	(38 556)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 33	-	(2 193)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 33	-	(1 519)
Transferred to Net Surplus (Repairs and Maintenance) - Refer to note 33	-	(439)
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 33	-	12 360
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 33	-	1 233
Transferred from Net Surplus (Other Income - Insurance) - Refer to note 33	-	23 839
Transferred to Net Surplus (Service Charges) - Refer to note 33	-	(235 525)
Transferred to Net Surplus (Other Income - Other) - Refer to note 33	-	(6 061)

	2012 R	2011 R
Transferred to Accumulated Surplus - Refer to note 32,09	-	(174 659)
Transferred to Net Surplus (General Expenses - Bank Charges) - Refer to note 33	-	(102 831)
Transferred to Accumulated Surplus - Refer to note 32,09	-	(252 151)
Transferred to Net Surplus (General Expenses - Telephone) - Refer to note 33	-	(278 758)
Transferred to Net Surplus (General Expenses - Fuel) - Refer to note 33	-	(9 338)
Transferred from Net Surplus (Agency Services) - Refer to note 33	-	92 051
Transferred to Accumulated Surplus - Refer to note 32,09	-	(491 725)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/4/20/0402) - Refer to note 32,04	-	9 316 100
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/02/0515) - Refer to note 32,04	-	24 958
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/8/01/0120) - Refer to note 32,04	-	78 940
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/70/0285) - Refer to note 32,04	-	3 906
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32,04	-	1 234 825
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange (Reclassify vote 90000/00/5/65/0111) - Refer to note 32,04	-	142 063
Reclassification of Other Consumer Arrears to Other Recoverable Arrears (9000/00/8/01/0028, 9000/00/8/01/0102, 9000/00/8/02/0510, 9000/00/8/02/0555 and 9000/00/8/02/0570 was reclassified) Refer to note 32,06	-	1 211 294
Reclassification of Other Consumer Arrears to Other Recoverable Arrears (9000/00/8/01/0028, 9000/00/8/01/0102, 9000/00/8/02/0510, 9000/00/8/02/0555 and 9000/00/8/02/0570 was reclassified) Refer to note 32,06	-	(1 211 294)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions and Non-Exchange - Refer to note 32,04	-	(1 340)
Transferred to Accumulated Surplus - Refer to note 32,09	-	(242 963)
Transferred to Net Surplus (Salary consumer - service charges) - Refer to note 33	-	(411 147)
Transferred to Net Surplus (General expenses - Telephone) - Refer to note 33	-	(67 579)
Transferred from Trade and Other Payables to Trade Receivables from Exchange Transactions	-	5 151
and Non-Exchange (Reclassify vote 90000/00/8/02/0520) - Refer to note 32,04		
Transferred to Taxes (Debtors VAT accrued incorrectly classified vote 9000/00/4/20/0402) - Refer to note 32,05		(9 316 100)
	-	<b>12 877 421</b>

### 32,07 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

<b>Balance previously reported</b>	-	<b>3 149 392</b>
Transferred to Accumulated Surplus - Refer to note 32,09	-	3 497
Transferred to Accumulated Surplus - Refer to note 32,09	-	213 727
Transferred to Accumulated Surplus - Refer to note 32,09	-	59 300
Transferred to Accumulated Surplus - Refer to note 32,09	-	137 581
Transferred to Accumulated Surplus - Refer to note 32,09	-	5 418
Transferred to Accumulated Surplus - Refer to note 32,09	-	3 546



	2012 R	2011 R
Transferred from Accumulated Surplus - Refer to note 32,09	-	(20 453)
Transferred to Accumulated Surplus - Refer to note 32,09	-	53 315
Transferred to Accumulated Surplus - Refer to note 32,09	-	1 053
Transferred from Accumulated Surplus - Refer to note 32,09	-	(50 585)
Transferred from Accumulated Surplus - Refer to note 32,09	-	(21 341)
Transferred from Net Surplus (Capital expenditure to Operating expenditure) - Refer to note 33		11 923 416
Transferred to Net Surplus (Capital expenditure to Operating expenditure) - Refer to note 33		(11 923 416)
	-	<b>3 534 450</b>

## 32,08 INVESTMENT PROPERTY

<b>Balance previously reported</b>	-	<b>1 188 145</b>
Transferred from Property, Plant and Equipment (Incorrect classification of Investment property as Property, Plant and Equipment) - Refer to note 32,02	-	2 348 318
	-	<b>3 536 463</b>

## 32,09 ACCUMULATED SURPLUS

<b>Balance previously reported</b>		<b>188 550 727</b>
Transferred to Non-Current Provision for unwinding of interest - Refer to note 32,01	-	(2 465 481)
Transferred to Property, plant and equipment - Recognition of Depreciation and Impairment for the years ended 30 June 2010 - Refer to note 32,02	-	(914 728)
Transferred from Cash and Cash Equivalents (Cash float correction) - Refer to note 32,03	-	(160)
Transferred from Cash and Cash Equivalents (Cash float correction) - Refer to note 32,03	-	(400)
Transferred to Trade and Other Payables - Refer to note 32,04	-	(1 612 840)
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(6 000)
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(192)
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(281)
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(2 335)
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(2 445)
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(1 801)
Transferred from Trade and Other Payables - Refer to note 32,04	-	3 011 176
Transferred from Trade and Other Payables - Refer to note 32,04	-	182 559
Transferred from Trade and Other Payables - Refer to note 32,04	-	1 561 648
Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32,07	-	3 497
Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32,07	-	213 727



	2012 R	2011 R
Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32,07	-	59 300
Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32,07	-	137 581
Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32,07	-	5 418
Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32,07	-	3 546
Transferred to Unspent Conditional Government Grants and Receipts - Refer to note 32,07	-	(20 453)
Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32,07	-	53 315
Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32,07	-	1 053
Transferred to Unspent Conditional Government Grants and Receipts - Refer to note 32,07	-	(50 585)
Transferred from Unspent Conditional Government Grants and Receipts - Refer to note 32,07	-	(21 341)
Transferred from Trade and Other Payables - Refer to note 32,04	-	259 913
Transferred from Trade and Other Payables - Refer to note 32,04	-	179 703
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(502 669)
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(162 438)
Transferred to Trade and Other Payables - Refer to note 32,04	-	40 603
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(340 258)
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(174 659)
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(252 151)
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(491 725)
Transferred to Trade and Other Payables - Refer to note 32,04	-	54 239
Transferred from Trade Receivables from Exchange and Non-Exchange Transactions - Refer to note 32,06	-	(242 963)
Transferred from Trade and Other Payables - Refer to note 32,04	-	210 269
Transferred to Property, Plant and Equipment (Correction of purchase date of assets) - Refer to note 32,02	-	1 538 945
Transferred from Property, Plant and Equipment (Correction of purchase cost of assets) - Refer to note 32,02	-	295 756
Transferred from Property, Plant and Equipment (Correction of purchase cost of assets) - Refer to note 32,02	-	230
	-	<b>189 097 299</b>

## RECONCILIATION OF NET SURPLUS FOR THE YEAR

	2012 R	2011 R
<b>Balance previously reported</b>	-	<b>20 876 099</b>
Transferred to Non-Current Provision for Unwinding of interest 2011 Refer to note 32,01	-	-
Transferred to Property, plant and equipment - Recognition of Depreciation for the year ended 30 June 2011 - Refer to note 32,02	-	(164 678)
Transferred to Property, plant and equipment - Recognition of Impairment for the year ended 30 June 2011 - Refer to note 32,02	-	(9 483)
Transferred to Trade and Other Payables - Refer to note 32,04	-	(60 597)
Transferred from Trade Receivables from Exchange Transactions (Creditor double raised) - Refer to note 32,06	-	(592)
Transferred to Trade Receivables from Exchange Transactions and Non-Exchange (Stale cheque not cancelled) - Refer to note 32,06	-	141 327
Transferred from Trade and Other Payables (Interest Earned - Outstanding Debtors - Journal incorrectly reversed) - Refer to note 32,04	-	1 198
Transferred to Service Charges for Interest Earned Outstanding Debtors (Correction of Refuse incorrectly billed, incorrectly reversed) - Refer to note 33	-	14 720 549
Transferred from Interest Earned - Outstanding Debtors to Service Charges (Correction of Refuse incorrectly billed, incorrectly reversed) - Refer to note 33	-	(15 161 637)
Transferred to Trade and Other Payables (Creditor not raised 30 June 2011) - Refer to note 32,04	-	15 161 637
Transferred from Trade and Other Payables (Creditor raised 30 June 2010 and paid in 2011) - Refer to note 32,04	-	(6 307)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Insurance General) - Refer to note 32,06	-	217
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Insurance General) - Refer to note 32,06	-	(348 346)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Repairs and Maintenance) - Refer to note 32,06	-	(2 384)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Repairs and Maintenance) - Refer to note 32,06	-	(17 240)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Repairs and Maintenance) - Refer to note 32,06	-	(38 556)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Repairs and Maintenance) - Refer to note 32,06	-	(2 193)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Repairs and Maintenance) - Refer to note 32,06	-	(1 519)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Other Income - Insurance) - Refer to note 32,06	-	(439)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Other Income - Insurance) - Refer to note 32,06	-	12 360
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Other Income - Insurance) - Refer to note 32,06	-	1 233
Transferred to Trade Receivables from Exchange Transactions and Non-Exchange (Service Charges) - Refer to note 32,06	-	23 839
Transferred to Trade Receivables from Exchange Transactions and Non-Exchange (Other Income - Other) - Refer to note 32,06	-	(235 525)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Bank Charges) - Refer to note 32,06	-	(6 061)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Telephone) - Refer to note 32,06	-	(102 831)
	-	(278 758)

	2012 R	2011 R
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Fuel) - Refer to note 32,06	-	(9 338)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Agency Services) - Refer to note 32,06	-	92 051
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	82 942
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	(82 942)
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	1 337 613
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	(1 337 613)
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	539 663
Reclassification of General expenses to Grant and subsidies paid - Refer to note 33	-	(539 663)
Reclassification of Other revenue - Other to Other Revenue - Commission - Refer to note 33	-	(56 765)
Reclassification of Other revenue - Other to Other Revenue - Commission - Refer to note 33	-	56 765
Reclassification of Other revenue - Other to Other Revenue - Burial Fees - Refer to note 33	-	(74 200)
Reclassification of Other revenue - Other to Other Revenue - Burial Fees - Refer to note 33	-	74 200
Reclassification of Other revenue - Other to Other Revenue - Refunds - Refer to note 33	-	(44 668)
Reclassification of Other revenue - Other to Other Revenue - Refunds - Refer to note 33	-	44 668
Reclassification of General Expenses - Other to General Expenses - Sewerage Removal - Refer to note 33	-	201 902
Reclassification of General Expenses - Other to General Expenses - Sewerage Removal - Refer to note 33	-	(201 902)
Reclassification of General Expenses - Other to General Expenses - Lease - Refer to note 33	-	235 743
Reclassification of General Expenses - Other to General Expenses - Lease - Refer to note 33	-	(235 743)
Reclassification of General Expenses - Other to General Expenses - Credit Control Improvement - Refer to note 33	-	404 402
Reclassification of General Expenses - Other to General Expenses - Credit Control Improvement - Refer to note 33	-	(404 402)
Reclassification of General Expenses - Other to General Expenses - Ward Committee Expenses - Refer to note 33	-	342 900
Reclassification of General Expenses - Other to General Expenses - Ward Committee Expenses - Refer to note 33	-	(342 900)
Reclassification of General Expenses - Other to General Expenses - Social Responsibility - Refer to note 33	-	129 313
Reclassification of General Expenses - Other to General Expenses - Social Responsibility - Refer to note 33	-	(129 313)
Reclassification of General Expenses - Other to General Expenses - Postage - Refer to note 33	-	155 888
Reclassification of General Expenses - Other to General Expenses - Postage - Refer to note 33	-	(155 888)
Reclassification of General Expenses - Other to General Expenses - Postage - Refer to note 33	-	90 716
Reclassification of General Expenses - Other to General Expenses - Postage - Refer to note 33	-	(90 716)
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Service charges) - Refer to note 32,06	-	(376 347)



	2012 R	2011 R
Transferred from Trade Receivables from Exchange Transactions and Non-Exchange (Property axes) - Refer to note 32,06	-	(34 801)
Transferred to Trade Receivables from Exchange Transactions and Non-Exchange (General Expenses - Telephone) - Refer to note 32,06	-	(67 579)
Transferred from Property, Plant and Equipment (Correction of purchase date of assets - Depreciation charge) - Refer to note 32,02	-	(203 445)
Transferred to Property, Plant and Equipment (Correction of Depreciation charge) - Refer to note 32,02	-	(5 765)
Transferred to Property, Plant and Equipment (Correction of Classification of Expenditure from Capital to Operating expenditure) - Refer to note 32,07		(11 923 416)
Transferred to Grants received from Operating grant expenditure (Correction of grant income and expenditure due to the Municipality acting as an agent) - Refer to note 33		11 923 416
Transferred to Grants received from Operating grant expenditure (Correction of grant income and expenditure due to the Municipality acting as an agent) - Refer to note 33		(11 923 416)
	-	<b>21 972 673</b>

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## RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the year	30 288 977	21 972 673
<b>Adjustments for:</b>		
Depreciation	6 913 821	6 429 198
(Gain) / Loss on disposal of property, plant and equipment	-	(279 116)
Impairments	3 880	650 350
Contribution from/to provisions - Non-Current	1 916 173	1 246 457
Contribution from/to provisions - Non-Current - Expenditure incurred	(493 169)	(463 532)
Contribution from/to provisions - Non-Current - Actuarial losses	1 056 197	3 482 490
Contribution from/to provisions - Non-Current - Actuarial gains	-	-
Contribution to provisions – current	2 617 286	2 525 827
Contribution to provisions – current - Expenditure incurred	(2 021 060)	(2 767 100)
Contribution to provisions – Bad debt	40 628 954	29 063 588
Bad debts written off	-	-
Accrued interest	204 447	-
Error corrections	-	(14 168 906)
Investment income	(1 715 129)	(846 086)
Interest paid	1 364 436	1 088 568
Operating Surplus before changes in working capital	80 764 813	47 934 410
Changes in working capital	(39 918 719)	(2 754 416)
Increase/(Decrease) in Trade and Other Payables	(5 576 184)	(1 104 400)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	2 746 623	(2 768 021)
Increase/(Decrease) in Unpaid Conditional Government Grants and Receipts	2 879 349	(1 286 407)
(Increase)/Decrease in Taxes	1 413 990	(3 003 977)
(Increase)/Decrease in Inventory	291 203	(720 726)
(Increase)/Decrease in Trade Receivables from exchange transactions and non-exchange	(41 673 701)	6 129 116
<b>Cash generated by operations</b>	<b>40 846 094</b>	<b>45 179 994</b>



	2012 R	2011 R
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Refer to Note 19	26 441 818	8 013 504
Cash Floats - Refer to Note 19	1 395	1 395
Bank - Refer to Note 19	943 771	943 771
Bank - Refer to Note 19	9 637 485	1 126 869
Current Investments - Refer to Note 18	-	8 759 612
<b>Total cash and cash equivalents</b>	<b>37 024 469</b>	<b>18 845 151</b>

**36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**

Cash and Cash Equivalents - Note 35	37 024 469	18 845 151
	37 024 469	18 845 151
Less:	2 091 523	(3 534 450)
Unspent Committed Conditional Grants - Note 9	2 091 523	(3 534 450)
<b>Net cash resources available for internal distribution</b>	<b>34 932 946</b>	<b>22 379 601</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	-	-
Employee Benefits Reserve	-	-
Social Contribution Reserve	-	-
Non-Current Provisions Reserve	-	-
Valuation Roll Reserve	-	-
<b>Resources available for working capital requirements</b>	<b>34 932 946</b>	<b>22 379 601</b>

**37 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

	123 649	1 502 283
Used to finance property, plant and equipment - at cost	(1 285 662)	(1 285 662)
	(1 162 013)	216 621
Cash set aside for the repayment of long-term liabilities	1 162 013	(216 621)
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

## 38 BUDGET COMPARISONS

	R (Actual)	R (Budget)	R (Variance)	(%)
<b>38,1 Operational</b>				
<b>Revenue by source</b>				
Property Rates	7 926 865	13 225 415	(5 298 550)	-40%
Government Grants and Subsidies - Capital	84 205 700	61 286 000	22 919 700	37%
Actuarial Gains	-	-	-	0%
Fines	190 690	389 646	(198 956)	-51%
Property Rates - penalties imposed and collection charges	-	-	-	0%
Service Charges	77 054 971	76 466 508	588 463	1%
Rental of Facilities and Equipment	136 096	69 477	66 619	96%
Interest Earned - Current Account	81 314	-	81 314	100%
Interest Earned - external investments	1 633 815	1 108 746	525 069	47%
Interest Earned - outstanding debtors	7 927 472	7 004 410	923 062	13%
Licences and Permits	1 692 295	1 703 603	(11 308)	-1%
Agency Services	1 457 837	1 083 483	374 354	35%
Other Revenue	1 965 179	806 164	1 159 015	144%
	184 272 233	163 143 452	21 128 781	13%
<b>Expenditure by nature</b>				
Employee Related Costs	(37 845 924)	(43 268 486)	5 422 562	-13%
Remuneration of Councillors	(4 911 455)	(4 106 967)	(804 488)	20%
Impairments	(3 880)	-	(3 880)	100%
Depreciation and Amortisation	(6 913 821)	(5 008 778)	(1 905 043)	38%
Debt Impairments	(29 508 778)	(13 912 584)	(15 596 194)	112%
Repairs and Maintenance	(4 412 493)	(5 120 208)	707 715	-14%
Actuarial losses	(1 056 197)	-	(1 056 197)	100%
Finance Charges	(1 364 436)	(239)	(1 364 197)	570794%
Bulk Purchases	(41 890 993)	(49 018 716)	7 127 723	-15%
Contracted services	(714 110)	(6 093 007)	5 378 897	-88%
Grants and Subsidies	(3 257 659)	-	(3 257 659)	100%
Operating Grant Expenditure	-	-	-	0%
General Expenses	(22 103 510)	(35 771 203)	13 667 693	-38%
Internal charges	-	-	-	0%
	(153 983 256)	(162 300 188)	8 316 932	-5%
<b>Other Gains/Losses</b>				
Gains on Disposal of PPE	-	-	-	0%
	-	-	-	0%
<b>Net Surplus for the year</b>	<b>30 288 977</b>	<b>843 264</b>	<b>29 445 713</b>	<b>3492%</b>

### Details of material variances

All variances are due to non-cash items such as Depreciation and impairment charges etc.

	R (Actual)	R (Budget)	R (Variance)	(%)
<b>38,2 Expenditure by Vote</b>				
Council and Executive Administration	(18 379 512)	(10 812 671)	(7 566 841)	70%
Office of the Municipal Manager	(5 511 360)	(4 982 304)	(529 056)	11%
Internal Audit	-	(476 443)	476 443	
Finance Admin	(18 571 302)	(14 212 575)	(4 358 727)	31%
Corporate Services and Development Admin	(5 106 777)	(4 859 522)	(247 255)	5%
LED	(250 785)	(308 197)	57 412	-19%
Municipal Buildings	(2 621 260)	(2 259 485)	(361 775)	16%
Estates	(465 830)	(893 179)	427 349	-48%
Ganspan Waterbird Sanctuary	(20 451)	(35 268)	14 817	-42%
Semi-Detached Houses	(3 858)	(61 941)	58 083	-94%
Staff Housing	(7 020)	(75 881)	68 861	-91%
Council Motor Vehicle	(12 514)	(149 911)	137 397	-92%
Community Services Admin	(3 114 522)	(3 546 759)	432 237	-12%
Cemetery	(314 912)	(199 781)	(115 131)	58%
Traffic	(2 905 936)	(3 755 295)	849 359	-23%
Parks and Recreation	(1 692 598)	(4 108 143)	2 415 545	-59%
Clinic	(4 827)	-	(4 827)	100%
Caravan Park	(6 724)	(126 494)	119 770	-95%
Sports Grounds	(118 696)	(324 372)	205 676	-63%
Fire Fighting and Disaster Management	(58 999)	(123 465)	64 466	-52%
Motor Vehicle Registration	(1 155 362)	(1 194 558)	39 196	-3%
Library	(1 755 226)	(2 758 056)	1 002 830	-36%
Vehicle Test Station	(88 537)	(652 163)	563 626	-86%
Water	(43 291 082)	(47 574 849)	4 283 767	-9%
Electricity (Street Lighting)	(31 994 285)	(43 989 062)	11 994 777	-27%
Public Works	(7 548 642)	(7 415 668)	(132 974)	2%
Mechanical Workshop	(231 037)	(1 302 787)	1 071 750	-82%
Refuse	(5 385 244)	(6 101 359)	716 115	-12%
Less Internal Charges	(3 365 957)	-	(3 365 957)	100%
	<b>(153 983 256)</b>	<b>(162 300 188)</b>	<b>8 316 932</b>	<b>-5%</b>

**Details of material variances**

All variances are due to non-cash items such as Depreciation and impairment charges etc.

	R (Actual)	R (Budget)	R (Variance)	(%)
<b>38,3 Capital expenditure by vote</b>				
Council and Executive Administration	131 108	210 000	(78 892)	-38%
Office of the Municipal Manager	20 888	-	20 888	100%
Finance Admin	260 036	601 000	(340 964)	-57%
Corporate Services and Development Admin	1 465 042	19 520 000	(18 054 958)	-92%
Community Services Admin	13 895	-	13 895	100%
Traffic	39 385	158 000	(118 615)	-75%
Parks and Recreation	21 203	170 000	(148 797)	-88%
Library	30 741	50 000	(19 259)	-39%
Water	9 131 006	633 500	8 497 506	1341%
Waste Water	5 229 900	14 922 536	(9 692 636)	-65%
Electricity	1 925 005	2 879 000	(953 995)	-33%
Public Works	3 215 644	6 654 341	(3 438 697)	-52%
	<b>21 483 853</b>	<b>45 798 377</b>	<b>(24 314 524)</b>	<b>-53%</b>

## Details of material variances

Spend from own funds

	2012 R	2011 R
<b>39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>39,01 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	19 322 431	35 340 141
Unauthorised capital expenditure current year	8 532 289	18 318 424
Unauthorised operating expenditure current year	13 316 586	(34 336 134)
Unauthorised expenditure awaiting authorisation	<b>41 171 306</b>	<b>19 322 431</b>

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget on votes	None
Over expenditure of approved capital budget on votes for capital expenditure amounting to R2 630 241 project Pampierstad 1400 Housing Project.	None
Over expenditure of approved capital budget on votes for capital expenditure amounting to R1 141 548 project Sakhile Bulk Waterline.	None
Over expenditure of approved capital budget on votes for capital expenditure amounting to R3 177 891 awaiting investigation.	None
Over expenditure of approved capital budget on votes for capital expenditure amounting to R264 035 project Masakeng Sewer Project.	



	2012 R	2011 R
<b>39,02 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	218 676	-
Fruitless and wasteful expenditure current year	44 815	218 676
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	<b>263 491</b>	<b>218 676</b>

Incident	Disciplinary steps/criminal proceedings
<i>Fines in 2011/12 to the value of R44815.</i>	<i>None</i>
<i>Fines to the value of R120 000 in 2010/11</i>	<i>None</i>
<i>Fruitless prior year amounting to R98676.</i>	<i>None</i>

**39,03 Irregular expenditure**

None to Management's knowledge

Reconciliation of irregular expenditure:

Opening balance	5 171 537	-
Irregular expenditure current year	3 480 118	5 171 537
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	<b>8 651 655</b>	<b>5 171 537</b>

Irregular expenditure awaiting condonement from National Treasury

Incident	Disciplinary steps/criminal proceedings		
<i>Purchases made without tax clearance certificates</i>	<i>None</i>	-	1 218 917
<i>Preferential point system not applied in tender process.</i>	<i>None</i>	-	3 139 665
<i>Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained</i>	<i>None</i>	-	812 955
<i>repairs to Electrical panel at sewerage pump station- only one quotation obtained</i>	<i>None</i>	8 621	-
<i>lunch for Initiation school meeting- only one quotation obtained</i>	<i>None</i>	3 800	-
<i>Letterheads - only one quotation obtained</i>	<i>None</i>	2 570	-
<i>repairs of HP 9000 printer- only one quotation obtained</i>	<i>None</i>	2 958	-
<i>171-180 cascade clamp (water pipe)- only one quotation obtained</i>	<i>None</i>	3 611	-
<i>Gorman rupp super T4- Unforeseen &amp; unavoidable -one quotation</i>	<i>None</i>	29 885	-
<i>New Sewer Pump- one quotation - urgent matter</i>	<i>None</i>	9 611	-
<i>water chemicals- one quotation received urgent</i>	<i>None</i>	26 207	-
<i>TLB Hire- urgent one quotation received</i>	<i>None</i>	25 400	-
<i>clean dumping site- not advertised , only one supplier</i>	<i>None</i>	39 900	-
<i>publication of new council- one quotation received</i>	<i>None</i>	16 000	-

lunch ward committee- one quotation received urgent	None	4 000	-
office furniture- not advertised, one supplier	None	57 877	-
silica sand- not advertised , only one supplier	None	33 958	-
Tender advert- only one quotation obtained	None	4 000	-
store requisition book- single supplier one quotation	None	2 150	-
chlorine gas- two quotation received	None	24 277	-
Transport for ward committee- single supplier one quotation	None	3 060	-
Crusher Sand- single supplier one quotation	None	12 749	-
silica sand- not advertised sinlge supplier one quotation	None	33 958	-
repair of gormanrupp T4 pump- single supplier one quotation	None	20 163	-
replace water pump and strip burnt pump- urgent request single supplier, one quotation	None	79 308	-
cat spray 65 drum, tarr- not advertised sinlge supplier one quotation	None	42 887	-
public Toilet hire- one quotation obtained	None	2 599	-
Goods received book- single supplier one quotation	None	2 100	-
Crusher Sand- single supplier one quotation	None	22 845	-
elecrtical panel new pump- urgent request single supplier, one quotation	None	5 584	-
new gorman pump - only one quotastion	None	4 617	-
repair of electric motor - only one quotastion	None	4 902	-
office furniture - only one quotastion	None	15 133	-
sketch booklets - only one quotastion	None	2 712	-
repair water tanks - only one quotastion	None	4 845	-
breakfast MEC-Energy - only one quotastion	None	2 234	-
councillors photos - only one quotastion	None	7 500	-
white envelops - only one quotastion	None	6 555	-
repair to Saer pump and motor - only one quotastion	None	4 272	-
sudfloc water chemical - three quotes obtains, not advertised , waiting for finalization of tender	None	148 651	-
lunch for councillors , public protector visit - only one quotastion	None	2 495	-
HTH Granular, chlorine gas, water chemicals - direct supplier, waiting for finalization of tender	None	26 207	-
bauer motor , model star delta - only one quotastion	None	4 845	-
installation of new network - only one quotation network supplier	None	4 868	-
water samples - only one supplier	None	4 339	-
transport for learners to pretoria - only one supplier	None	15 950	-
library visit Taung Dam - only one supplier	None	2 500	-
letterheads - one quotation obtained	None	2 570	-
cleaning dumping site - one quotation obtained, not advertised	None	39 900	-

water chemicals - one quotation, chemical tender not finalized	None	35 172	-
test system traffic - one quotation, only local supplier	None	5 238	-
water chemicals - one quotation, chemical tender not finalized	None	38 041	-
transport community for food for waste project - one quotation obtained	None	2 700	-
transport school children - one quotation obtained	None	3 700	-
Gorman Rupp T4 Assembly - one quotation obtained, urgent requirest	None	24 977	-
Borehole pump model m5514 - one quotation obtained single supplier	None	16 125	-
stroke edge cutters - two quotation obtained	None	27 770	-
motors DMZA160xZ, repair bauer motor - one quotation, urgent faulty power supply	None	11 375	-
replace faulty butterfly valves - one quotation obtained	None	13 818	-
repair gorman rupp T3a3 - one quotation obtained	None	18 321	-
lunch initiation school meeting - one quotaton obtained	None	2 752	-
accomodation for Mr. marima - one quotation obtained	None	12 600	-
Adjudication report for Tenders - not advertised, urgent request for technical report	None	104 880	-
petrol and deisel - not advertised, three quotation obtained	None	170 129	-
year end function - not advertised , three quotation obtained	None	49 800	-
Indigent books - one quotation,	None	3 930	-
advert Christmas message - one quotation	None	4 000	-
Advert Municipal Manager post - one quotation	None	4 000	-
water pipes - one quotation, urgent request, water connection	None	26 750	-
road works signs - one quotation	None	7 216	-
Diesel - not advertised, two quotation obtained	None	83 760	-
Copy for Councillors Agent - copy machine was not working only one supplier could assist.	None	2 208	-
test & Calibration of Radar MuniQuip - one quotation, sole supplier	None	2 653	-
electrical meters for household, gemini wires, PLC - one quotation obtained, from sole supplier	None	133 380	-
deforest of Korhaan crescent dam - only one supplier assist with the equipment	None	3 600	-
Lunch for meeting with Mayor and Dept. of Education - one quotation obtain	None	2 567	-
Mayor , Councillors, officials, lunch meeting with Dept. of Health - one quotation obtain	None	3 014	-
KVA Meters - one quotation obtain, one supplier could assist	None	17 303	-



drum Tarr Cat 65, repair pothole - one quotation , sole supplier	None	65 390	-
repairs of canon copy machine - one quotation , sole supplier	None	12 123	-
GIS software Desktop basic single use - one quotation , sole supplier	None	42 864	-
Indigent application books - only suppliers that print our books, one quotation	None	9 800	-
Summons Books - only suppliers that print our books, one quotation	None	8 600	-
Receipt books - only suppliers that print our books, one quotation	None	2 950	-
Indigent application books - only suppliers that print our books, one quotation	None	4 700	-
repair jylene pump, c/w automatic plant switch - one quotation obtain	None	5 044	-
2 pole foot mounted motor - one quotation obtain	None	12 825	-
Facilitation of a strategic Planning session - advertised for 7days, no respond, was not re-advertised,three quotation obtained	None	32 490	-
Anti Virus Renewal - one quotation obtain	None	13 277	-
strip and repair of server room air conditioner - one supplier could assist	None	6 050	-
hire equipment to clean field - one supplier could assist	None	7 200	-
hire equipment to digging graves - one supplier could assist	None	3 600	-
Vehicle Statement Books - only suppliers that print our books, one quotation	None	3 700	-
trip authority books - only suppliers that print our books, one quotation	None	3 920	-
repair 11kw siemens motor - one quotation obtain	None	3 620	-
repair of 15.8kw siemens - one quotation obtain	None	5 921	-
repairs to siemens motor model 160m - one quotation obtain	None	3 621	-
publishing a notice of subdivision of ERF - two quotation obtained	None	4 000	-
200 copies of annual report - not advertised fro 7days, one supplier could assist	None	90 680	-
sand crusher, teerklip - not advertised fro 7days, one supplier could assist	None	41 103	-
maintance of copy machine 9000 - one quotation obtain	None	8 178	-
100 drums of CAT 65 Tarr - not advertised fro 7days, one supplier could assist	None	155 268	-
envelopes boxes for accounts - one quotation obtain	None	4 446	-
land survey erf 1366-1372 vaalharts settlement - one quotation obtain, no contract with supplier	None	6 270	-
Land survey of ERF 259 Hartswater - one quotation obtain, no contract with supplier	None	27 142	-



Land survey of ERF 259 Hartswater - one quotation obtain, no contract with supplier	None	19 361	-
Land survey of ERF 259 Hartswater - one quotation obtain, no contract with supplier	None	34 096	-
land survey erf 774 Jankemp ,erf 2730 p/stad & 28 erf fase 1 JKd - one quotation obtain, no contract with supplier	None	147 891	-
Land survey of ERF - one quotation obtain, no contract with supplier	None	69 437	-
contribution funeral arrangement of Late Council Riet - supply chain procedure not followed	None	20 000	-
financial assistance for prayer day Event - supply chain procedure not followed	None	9 800	-
Accommodation and breakfast for DJ's Workshop - supply chain procedure not followed	None	6 498	-
Tent , toilet service and transport - supply chain procedure not followed	None	7 239	-
guest entertainment - supply chain procedure not followed	None	4 900	-
HR related appointments no procedure followed - Miss TL Krawe	None	77 808	-
HR related appointments no procedure followed - Miss DM Abrahams	None	72 341	-
HR related appointments no procedure followed - Miss Sethlodi	None	82 744	-
Letterheads - one supplier	None	2 720	-
cleaning Dumping site - urgent , not advertised one sinlge supplier	None	40 281	-
repairs of roads, teerklip - one quotation single supplier	None	22 391	-
Lunch for Councillors - one quotation single supplier	None	4 502	-
jolly tables and cahirs - one quotation single supplier	None	2 772	-
repair of pedrocco pump - only one srvice provider	None	3 832	-
upgrade electrical panel - only one srvice provider	None	9 428	-
water chemicals - urgent request one quotation	None	34 764	-
road works signs - one service provider,one quotation received	None	4 302	-
Electricsl network - urgent request one quotation obtain	None	2 910	-
municipality accounts book - only local supplier	None	4 250	-
trip authorisation book - only local supplier	None	3 100	-
solaraine direct 80w solar panel - only one quotation was obtained	None	10 602	-
water chemicals - tender process was not finalised,buying from direct suppliers,not advertised for 7 days, 3quotation obtained	None	162 519	-
repair vacuum machine - one service provider, as the machine was brought from them	None	3 894	-

Tarr cleansing roads - only nearest service provider that can assist	None	46 580	-
supply and install heavy duty steel frame for solarpanels - only local service provider,	None	5 800	-
Repairs to ABS Pump model J24ND - only one supplier	None	16 544	-
vacuum gas metering system, dosing pump, installation kit - only one supplier	None	32 210	-
purchase of grave number for graveyard - only one supplier	None	19 973	-
lunch for councillors nad managers; induction meeting - only one supplier	None	3 145	-
Transport of ward committee members - only one quotation obtained	None	6 000	-
repair raw water pump , electrical - only one quotation obtained	None	11 125	-
repair motor at sewerage pump station at sport ground - one quotation obtained	None	8 796	-
repair to boom vacuum pump - one quotation obtained	None	4 170	-
repair to Tsurumi pump - one quotation obtained	None	3 014	-
emergency call out sullpy new 11kW,4 pole motoer - one quotation obtained	None	15 748	-
water chemical chlorine gas - urgent request one quotation direct supplier	None	59 381	-
service calibration ,supply and installation of scuff gauge parts - only one supplier that can service the machine	None	23 564	-
Water installation on 19 Sites - Tender documentation not complete for payments made to Nokuka Trading	None	117 954	-
		3 480 118	5 171 537

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

	2012 R	2011 R
<b>39,04 Material Losses</b>		
None to Management's knowledge		
<b>Electricity distribution losses</b>		
Units purchased (Kwh)	49 023 156	44 544 236
- Units lost during distribution (Kwh)	18 389 262	11 256 327
- Percentage lost during distribution	37,51%	25,27%
Units purchased (KVAH)	202 957	205 819
- Units lost during distribution (KVAH)	137 646	169 771
- Percentage lost during distribution	67,82%	82,49%
<b>Water distribution losses</b>		
- Mega litres purified	2 804 559	-
- Mega litres lost during distribution	1 016 220	-
- Percentage lost during distribution	36,23%	0,00%

The above losses will not be recovered by Council.

		2012 R	2011 R
40	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
40,01	<b>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</b>		
	Opening balance	250 672	-
	Council subscriptions	606 754	473 627
	Amount paid - current year	(124 588)	(222 955)
	Amount paid - previous years	(250 672)	-
	<b>Balance unpaid (included in creditors)</b>	<b>482 166</b>	<b>250 672</b>
40,02	<b>Audit fees - [MFMA 125 (1)(c)]</b>		
	Opening balance	84 594	237 289
	Council subscriptions	2 177 194	2 321 381
	Amount paid - current year	(2 177 194)	(2 236 787)
	Amount paid - previous years	(84 594)	(237 289)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>84 594</b>
40,03	<b>VAT - [MFMA 125 (1)(b)]</b>		
	Opening balance	-	-
	Amounts received - current year	3 999 839	-
	Amounts claimed - current year (payable)	(3 999 839)	-
	<b>Closing balance Cr/(Dt)</b>	<b>-</b>	<b>-</b>
	<b>Vat in suspense due to cash basis of accounting</b>	<b>-</b>	<b>-</b>
40,04	<b>PAYE , SDL and UIF - [MFMA 125 (1)(b)]</b>		
	Opening balance	-	-
	Current year payroll deductions	4 352 216	4 006 802
	Amount paid - current year	(4 352 216)	(4 006 802)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
	<b><u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u></b>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	6 665 905	8 786 868
	Amount paid - current year	(6 665 905)	(8 786 868)
	Amount paid - previous year	-	-
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

	2012 R	2011 R
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## 40,05 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

The following councillors had arrear accounts for more than 90 days as at year end.

	Outstanding more than 90 days	Outstanding more than 90 days
Nkomo S	91 622,99	79 251,89
Motebe GM	292,25	-
Lewis S	-	197,90
Nel PJ	-	-
Adams J	691,52	-
Mokwena AS	19 036,64	14 981,09
Mojapele MF	360,15	5 801,81
Meza D	169,50	3 067,34
Chakane M	2 536,40	-
Pitso FO	8 714,45	-
Modiakgotla HM	49 250,48	29 796,17
Moremongwe O	88,87	1 643,69
Mashori KD	1 071,20	8 316,55
Mona P	-	-
Moketsi DM	467,64	8 525,70
Riet I	1 675,14	5 885,55
Khen V	-	5 918,36
	<b>175 977,23</b>	<b>163 386,05</b>

## 40,06 Quotations awarded - Section 45 - Supply Chain Management

Non-compliance with the Supply Chain Management Regulations were identified on the following categories:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Executive & Council	-	120 081	-	-
Corporate Services	35 547	87 166	-	-
Development Services	-	33 958	-	-
Municipal Manager	10 800	333 675	-	-
Financial Services	30 074	-	-	-
Stores	-	583 765	-	-
Technical Services	35 030	612 126	-	-
Electrical Services	-	133 380	-	-
	<b>111 452</b>	<b>1 904 152</b>	<b>-</b>	<b>-</b>

## 40,07 Non-compliance with Chapter 14 of the Municipal Finance Management Act

No non-compliance to the Supply Chain Management Regulations were identified by Management



41 CAPITAL COMMITMENTS

**Commitments in respect of capital expenditure:**

Approved and contracted for:

Land & Buildings

Infrastructure

**Total**

Approved and not contracted for:

Land & Buildings

Infrastructure

**Total**

This expenditure will be financed from:

External Loans

Government Grants

	2012 R	2011 R
	39 457 510	87 590 077
	-	-
	39 457 510	87 590 077
<b>Total</b>	<b>39 457 510</b>	<b>87 590 077</b>
	21 000 000	-
	-	-
	21 000 000	-
<b>Total</b>	<b>21 000 000</b>	<b>-</b>
	-	-
	60 457 510	87 590 077
	60 457 510	87 590 077

42 RETIREMENT BENEFIT INFORMATION

Council employees contribute to the Cape Joint Municipal Pension Fund, SALA and SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every five years. The last valuations was done on 30 June 2008.

43 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) **Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

(b) **Price Risk**

The municipality is not exposed to price risk.

(c) **Interest Rate Risk**

As the Municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

1% (2010 - 0.5%) Increase in interest rates	369 008	25 427
0.5% (2010 - 0.5%) Decrease in interest rates	(184 504)	(12 714)

## (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables, long term receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

	2012 %	2012 R	2011 %	2011 R
<u>Non-Exchange Receivables</u>				
Rates	100,00%	13 927 317	100,00%	11 734 196
<u>Exchange Receivables</u>				
Electricity	4,80%	6 045 196	3,97%	3 483 889
Water	23,59%	29 693 234	25,10%	22 014 717
Refuse	13,51%	17 013 237	15,52%	13 613 244
Sewerage	21,09%	26 552 316	24,13%	21 170 193
Other	37,00%	46 581 706	31,28%	27 441 890
	<b>100,00%</b>	<b>125 885 688</b>	<b>100,00%</b>	<b>87 723 933</b>

No trade and other receivables are pledged as security for financial liabilities.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	%	R	%	R
Electricity	3,20%	4 204 902	2,98%	2 746 542
Water	21,14%	27 801 399	20,68%	19 041 292
Refuse	12,44%	16 354 699	14,03%	12 919 539
Sewerage	19,42%	25 533 746	21,78%	20 056 280
Other Consumer Arrears	33,70%	44 321 604	28,29%	26 052 448
Rates	10,11%	13 297 492	12,24%	11 269 307
	<b>100,00%</b>	<b>131 513 842</b>	<b>100,00%</b>	<b>92 085 407</b>

2012  
R

2011  
R

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

Trade receivables	13 671 234	12 877 421
Other receivables from non-exchange transactions	1 222 629	971 695
Cash and Cash Equivalents	37 024 469	10 085 539
Current Investments	-	8 759 612
Unpaid conditional grants and subsidies	4 917 738	7 797 087
	<b>56 836 070</b>	<b>40 491 355</b>

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The municipality did not default on any of their trade and other payables commitments during the period under review and no terms were re-negotiated.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year R	Between 1 and 5 years R	Between 5 and 10 years R	Over 10 Years R
<b>2012</b>				
Long Term liabilities - Finance lease liability	129 501	-	-	-
Capital Repayments	123 649	-	-	-
Interest	5 852	-	-	-
Non-Current Provision - Landfill Sites	3 618 369	247 576	388 959	2 171 036
Capital Repayments	3 575 698	-	-	2 013 941
Interest	42 671	247 576	388 959	157 095
Consumer Deposits	2 132 122	-	-	-
Trade and Other Payables	5 497 494	-	-	-
Unspent conditional government grants and receipts	7 009 261	-	-	-
	<b>18 386 747</b>	<b>247 576</b>	<b>388 959</b>	<b>2 171 036</b>
<b>2011</b>				
Long Term liabilities - Finance lease liability	309 105	129 501	-	-
Capital Repayments	271 142	123 649	-	-
Interest	37 964	5 852	-	-
Non-Current Provision - Landfill Sites	210 911	3 811 484	370 437	1 919 807
Capital Repayments	-	3 575 698	-	1 689 729
Interest	210 911	235 786	370 437	230 078
Consumer Deposits	1 936 417	-	-	-
Trade and Other Payables	11 430 832	-	-	-
Unspent conditional government grants and receipts	4 262 638	-	-	-
	<b>18 149 903</b>	<b>3 940 985</b>	<b>370 437</b>	<b>1 919 807</b>

2012  
R

2011  
R

## 44 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

### Financial Assets

### Classification

#### **Receivables**

Trade and other receivables	Financial instruments at amortised cost	14 893 863	13 849 116
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#### **Other Debtors**

Government Subsidies and Grants	Financial instruments at amortised cost	4 917 738	7 797 087
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#### **Short-term Investment Deposits**

Call Deposits	Financial instruments at amortised cost	-	8 759 612
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#### **Bank Balances and Cash**

Bank Balances	Financial instruments at amortised cost	37 023 074	10 084 144
Cash Floats and Advances	Financial instruments at amortised cost	1 395	1 395
		<b>56 836 070</b>	<b>40 491 355</b>



SUMMARY OF FINANCIAL ASSETS		2012 R	2011 R
Financial instruments at amortised cost		37 024 469	18 845 151
<b>At Amortised Cost</b>		<b>37 024 469</b>	<b>18 845 151</b>
<b><u>Financial Liabilities</u></b>	<b><u>Classification</u></b>		
<b>Long-term Liabilities</b>			
Annuity Loans	Financial instruments at amortised cost	-	1 000 000
Government Loans : Other	Financial instruments at amortised cost	-	-
Capitalised Lease Liability	Financial instruments at amortised cost	-	123 649
<b>Consumer deposits</b>			
Electricity and Water	Financial instruments at amortised cost	2 132 122	1 936 417
<b>Trade and other Payables</b>			
Trade Creditors	Financial instruments at amortised cost	5 005 567	7 073 764
Other creditors	Financial instruments at amortised cost	491 927	4 357 068
<b>Unspent Conditional Grants and Receipts</b>			
Other Spheres of Government	Financial instruments at amortised cost	7 009 261	4 262 638
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Financial instruments at amortised cost	-	-
Government Loans : Other	Financial instruments at amortised cost	-	107 493
Capitalised Lease Liability	Financial instruments at amortised cost	123 649	271 142
<b>Total Financial Liabilities</b>		<b>14 762 526</b>	<b>19 132 171</b>
<b>SUMMARY OF FINANCIAL LIABILITY</b>			
Financial instruments at amortised cost		<b>14 762 526</b>	<b>19 132 171</b>

#### 45 EVENTS AFTER THE REPORTING DATE

The CFO (TP Sediti) is currently purchasing erf 491 from the Municipality for amount R13 668-60 which will be concluded in the near future.

The municipality has no other events after reporting date during the financial year ended 2011/2012.

#### IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

#### 46 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

## 47 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexure "D".

## 48 CONTINGENT LIABILITY

The municipality is currently engaged in litigation which could result in damages/costs being awarded against the Municipality if claimants are successful in their actions. The following are the estimates:

	2012 R	2011 R
Ganspan Community Farmer (No claim)	-	-
Phokwane LM vs Komanisi Developers (Civil) - (Komanisi Developers wer contracted to build Thagadiapelajang 413 Houses. The contractor was terminated for poor performance. A claim for loss of profit was submitted to the municipality.)	-	2 945 000,00
Babereki Consulting Engineering (Civil claim, cost not yet determined. - (Babereki Consulting Engineers were appointed to design and implement 1450 Water and Sanitation project in Sakhile. Babereki contract was terminated due to reason being that Babereki's failure to submit the required documents and due to poor performance. In the internal sewer reticulation, there was a dispute of payments, of which Babereki Consulting Engineers, applied for an interdict to stop the project so that payments problems can be resolved. The municipality defended this application without success. Babereki submitted a claim to the Municipality but did not submit a reason for the specific claim, is it due to loss of profit or payments that are due that should be paid. )	-	19 287 583,00
Young Alum - (Young Alum submissted a claim to the Department of Cooperative Governance, Human settlement and Traditional Affairs in the Northern Cape for the Thagadiapelajang Housing Project. The department did not react to this claim as they were aware the project was completed and referred Young Alum to Phokwane Local Municipality. Young Alum was claiming an escalation claim on the project not being completed within 2 years but over 3 years and the prices of material and labour had increased in the third year of which was not budgeted for. This incurred due to the project being implemented over 2 phases. The municipality referred this matter to the department for assistance because the decision of two phases was taken by the department because they were overcommitted for the financial year. The matter went for arbitration and we are still awaiting the outcome.)	-	1 905 000,00
C Pitso - Labour dispute - (Mr Pitso employment was terminated upon completion of his contract, Mr Pitso has disputed this case as he states that he was unfairly dismissed, claiming that his contract was extended for 2 years. An affidavit was supplied to the Municipality stating that he was not properly notified about his contract coming to an end. Mr Pitso is claiming reinstatement or payout for the 2 years.)	-	710 000
Morula Project vs Phokwane LM	-	393 553,00
LM Christoffel vs Johannes Jacobs Victor (Civil claim)	-	400 000,00
Charles Deetlefs, Loss claim for damages - (A claim was submitted to the Municipality for the Treadmills that wre damaged due to the pawner failure. The municipality did not agree to settle this claim because the opinion was that it is not possible for the power failure to cause damage to treadmills. Mr Deetlefs referred the matter to the small claims court in Hartswater.)	-	7 410,00
Babereki Consulting Engineers vs Phokwane LM	35 650,00	-
Komanisi vs Phokwane LM	450 000,00	-
Ganspan Small Scale Farmers Members vs Phokwane LM	unknown	-

	2012 R	2011 R
Bidco Investment / Morula Project vs Phokwane LM - (The Joint venture between BIDCO Investment and Morula Projects services with Phokwane Municipality was terminated by the Municipality. A loss of profit claim has been submitted against Phokwane Municipality.)	180 000,00	-
Eviction Orders	50 000,00	-
V Madlala vs Phokwane LM	-	-
M Ndwanya vs Phokwane LM	unknown	-
The municipality does not have a permit or license for any of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.	unknown	unknown
	<u>715 650</u>	<u>25 648 546</u>

#### 49 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

##### 49,01 Related Party Transactions

The rates, service charges and other charges charged to related parties are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

	Rates - Levied 1 Jul 11 - 30 Jun 12	Service Charges - Levied 1 Jul 11 - 30 Jun 12	Other - Levied 1 Jul 11 - 30 Jun 12	Outstanding Balances 30 June 2012
<b>Year ended 30 JUNE 2012</b>				
<b>Councillors</b>	11 357	110 356	12 347	189 621
NKOMO S	-	4 243	5 360	94 093
MOTEBE GM	3 457	34 190	157	2 971
LEWIS S	310	4 657	6	265
NEL PJ	6 749	27 942	27	3 826
ADAMS J	26	4 908	513	1 085
MOKWENA AS	21	1 570	1 102	19 512
MOJAPELE MF	-	1 570	518	679
MEZA D	-	1 570	59	300
CHAKANE M	-	1 959	111	2 901
PITSO FO	-	1 570	579	9 091
MODIAKGOTLA HM	341	10 040	3 019	51 446
MOREMONGWE O	-	1 570	3	220
MASHORI KD	-	2 447	459	920
MONA P	-	9 239	11	845
MOKETSI DM	454	1 570	417	636
RIET I	-	1 309	6	829
<b>Municipal Manager and Section 57 Employees</b>	<b>5 579</b>	<b>33 574</b>	<b>1 347</b>	<b>17 791</b>
Dichaba MP	5 579	19 972	1 176	14 803
Sediti TP	-	13 603	171	2 988

2012  
R

2011  
R

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

## 49,02 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

## 49,03 Compensation of key management personnel

The compensation of key management personnel is set out in note 24 to the Annual Financial Statements.

## 49,04 Other related party transactions

The following purchases were made during the year where Councillors or Sect 57 Managers have an interest:

### Councillor/Sect 57 Manager

The CFO (TP Sediti) is currently purchasing erf 491 from Phokwane Municipality and this transaction will be concluded in the near future.

13 669

The Supply Chain Manager's (TP Mmusi) husband's business entity (Matsapa Projects) was awarded the contract for the Electrification of Ganspan and Bonita Park which was funded by INEP to the amount of R2 184 000. Furthermore expenditure relating to technical support to the amount of R102 828 was awarded to Matsapa Projects without being advertised and no other quotations were obtained.

2 286 828

-

## 50 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

### Financial Indicators

The current ratio increased from 2.16:1 to 2.70:1 in 2012.

The average debtors' payment days increased to 1457 days from 1291 days. The debtors impairment ratio increased to 85% from the previous years 80%.

### Other Indicators

Possible outflow of resources due the contingent liability disclosed in note 48



## 11 PROPERTY, PLANT AND EQUIPMENT

30 June 2012

Reconciliation of Carrying Value	Cost		Accumulated Depreciation		Disposals		Impairments		Closing Balance		Carrying Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Closing Balance	Carrying Value		
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	15 670 162	-	-	15 670 162	4 336 780	474 324	-	-	4 811 104	10 859 058		
Land	2 442 413	-	-	2 442 413	-	-	-	-	-	2 442 413		
Buildings	13 227 749	-	-	13 227 749	4 336 780	474 324	-	-	4 811 104	8 416 645		
<b>Infrastructure</b>	190 537 468	21 053 576	-	211 591 043	46 183 329	3 704 761	-	-	49 888 090	161 702 953		
Roads & Stormwater	42 619 559	3 638 064	-	46 257 623	6 100 648	1 099 268	-	-	7 199 916	39 057 706		
Sewerage	73 814 562	13 930 148	-	87 744 709	19 780 034	740 549	-	-	20 520 582	67 224 127		
Electricity	25 135 469	2 184 000	-	27 319 469	9 687 564	778 382	-	-	10 465 946	16 853 523		
Water	44 378 478	1 301 364	-	45 679 843	9 381 173	837 763	-	-	10 218 936	35 460 906		
Taxi Ranks and Bus shelters	4 201 967	-	-	4 201 967	1 163 235	235 885	-	-	1 399 120	2 802 847		
Public Parking	387 432	-	-	387 432	70 675	12 914	-	-	83 590	303 843		
<b>Community Assets</b>	9 187 889	-	-	9 187 889	4 300 374	306 263	-	-	4 606 637	4 581 252		
Recreation Grounds	973 151	-	-	973 151	296 510	32 438	-	-	328 949	644 203		
Civil Buildings	6 779 590	-	-	6 779 590	3 580 011	225 986	-	-	3 805 997	2 973 592		
Libraries	768 489	-	-	768 489	144 340	25 616	-	-	169 956	598 533		
Pre-schools	662 664	-	-	662 664	278 889	22 089	-	-	300 978	361 686		
Cemeteries	3 996	-	-	3 996	624	133	-	-	757	3 239		
<b>Heritage Assets</b>	158 380	-	-	158 380	658	149	-	-	807	157 574		
Historical Buildings	156 892	-	-	156 892	-	-	-	-	-	156 892		
Painting & Art Galleries	1 489	-	-	1 489	658	149	-	-	807	682		
<b>Other Assets</b>	17 678 772	430 277	-	18 109 049	8 354 893	2 422 578	-	3 880	10 781 350	7 327 698		
Office Equipment	1 135 995	16 335	-	1 152 330	513 531	163 467	-	-	676 998	475 332		
Furniture & Fittings	2 275 227	114 239	-	2 389 465	563 121	336 291	-	-	899 412	1 490 053		
Communication Equipment	52 909	-	-	52 909	19 052	7 214	-	-	26 266	26 643		
Other	4 113 726	25 500	-	4 139 226	1 283 616	542 523	-	-	1 826 139	2 313 088		
Safety Equipment	188 652	-	-	188 652	8 106	37 730	-	-	45 837	142 815		
Vehicles and Plant	7 260 247	-	-	7 260 247	4 331 296	984 968	-	-	5 316 264	1 943 984		
Computer Equipment	1 296 371	274 203	-	1 570 574	444 673	276 227	-	-	720 900	849 673		
Landfill Sites	1 355 645	-	-	1 355 645	1 191 498	74 157	-	3 880	1 269 535	86 110		
<b>Intangible assets</b>	28 728	-	-	28 728	7 490	5 746	-	-	13 236	15 492		
Intangible assets	28 728	-	-	28 728	7 490	5 746	-	-	13 236	15 492		
	233 232 672	21 483 852	-	254 716 524	63 176 033	6 908 076	-	3 880	70 087 989	184 628 535		

## Reconciliation of Carrying Value Cost

	Opening Balance	R	Additions	Disposals	Closing Balance	Accumulated Depreciation				Disposals	Impairments	Closing Balance	Carrying Value
						R	R	R	R				
<b>Land and Buildings</b>	17 691 771	326 708	-	-	15 670 162	3 873 082	463 698	-	-	-	-	4 336 780	11 333 382
Land	4 790 731	-	-	-	2 442 413	-	-	-	-	-	-	-	2 442 413
Balance previously reported	4 790 731	-	-	-	4 790 731	-	-	-	-	-	-	-	4 790 731
Correction of error note - 32.02	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	12 901 040	326 708	-	-	13 227 749	3 873 082	463 698	-	-	-	-	4 336 780	8 890 969
Balance previously reported	12 901 040	11 954 369	-	-	24 855 409	3 873 082	457 933	-	-	-	-	4 331 014	20 524 395
Correction of error note - 32.02	-	-	-	-	-	-	5 765	-	-	-	-	5 765	-11 633 426
<b>Infrastructure</b>	158 168 597	32 368 871	-	-	190 537 468	42 162 330	3 612 487	-	-	-	408 513	46 183 329	144 354 139
Roads & Stormwater	37 306 935	5 312 624	-	-	42 619 559	5 002 111	1 098 537	-	-	-	-	6 100 648	36 518 911
Sewerage	52 013 842	21 800 720	-	-	73 814 562	18 924 858	740 041	-	-	-	115 135	19 780 034	54 034 528
Balance previously reported	52 013 842	-3 382 682	-	-	48 631 160	18 924 858	740 041	-	-	-	115 135	19 780 034	28 851 126
Correction of error note - 32.02	-	25 183 402	-	-	25 183 402	-	-	-	-	-	-	-	25 183 402
Electricity	24 695 469	440 000	-	-	25 135 469	8 634 745	776 785	-	-	-	276 034	9 687 564	15 447 905
Water	40 229 273	4 149 205	-	-	44 378 478	8 615 311	748 518	-	-	-	17 344	9 381 173	34 997 305
Balance previously reported	40 229 273	29 332 607	-	-	69 561 880	8 615 311	748 518	-	-	-	17 344	9 381 173	60 180 707
Correction of error note - 32.02	-	-25 183 402	-	-	-25 183 402	-	-	-	-	-	-	-	-25 183 402
Taxi Rank and Bus Shelters	3 538 277	663 690	-	-	4 201 967	927 511	235 724	-	-	-	-	1 163 235	3 038 732
Public Parking	384 801	2 632	-	-	387 432	57 793	12 882	-	-	-	-	70 675	316 757
<b>Community Assets</b>	9 187 889	-	-	-	9 187 889	3 995 787	304 588	-	-	-	-	4 300 374	4 887 515
Recreation Grounds	973 151	-	-	-	973 151	265 560	30 951	-	-	-	-	296 510	676 641
Civil Buildings	6 779 590	-	-	-	6 779 590	3 354 179	225 832	-	-	-	-	3 580 011	3 199 578
Libraries	768 489	-	-	-	768 489	118 741	25 599	-	-	-	-	144 340	624 149
Pre-Schools	662 664	-	-	-	662 664	256 816	22 074	-	-	-	-	278 889	383 775
Cemetery	3 996	-	-	-	3 996	491	133	-	-	-	-	624	3 372
<b>Heritage Assets</b>	158 380	-	-	-	158 380	509	149	-	-	-	-	658	157 723
Historical Buildings	156 892	-	-	-	156 892	-	-	-	-	-	-	-	156 892
Painting & Art Galleries	1 489	-	-	-	1 489	509	149	-	-	-	-	658	831
<b>Other Assets</b>	15 033 415	2 645 358	-	-	17 678 772	5 986 697	2 042 808	83 550	241 838	8 354 893	9 323 880		
Office Equipment	998 048	137 947	-	-	1 135 995	370 972	142 559	-	-	513 531	622 464		
Furniture & Fittings	1 364 499	910 727	-	-	2 275 227	367 195	195 926	-	-	563 121	1 712 105		
Balance previously reported	1 364 499	910 497	-	-	2 274 996	367 195	195 926	-	-	563 121	1 711 875		
Correction of error note - 32.02	-	230	-	-	230	-	-	-	-	-	230		
Communication Equipment	32 554	20 355	-	-	52 909	14 396	4 655	-	-	19 052	33 857		
Other	3 459 398	654 328	-	-	4 113 726	642 089	464 511	-	-	1 283 616	2 830 110		
Balance previously reported	3 459 398	654 328	-	-	4 113 726	2 181 034	261 067	-	-	2 619 116	1 494 610		
Correction of error note - 32.02	-	-	-	-	-	-1 538 945	203 445	-	-	-1 335 500	1 335 500		
Safety Equipment	24 800	163 852	-	-	188 652	2 179	5 927	-	-	8 106	180 546		
Vehicles and Plant	6 862 933	397 314	-	-	7 260 247	3 249 767	949 996	83 550	47 983	4 331 296	2 928 952		
Computer Equipment	935 537	360 834	-	-	1 296 371	253 842	190 831	-	-	444 673	851 698		

Landfill Sites	1 355 645	-	-	1 355 645	1 086 256	88 403	-	16 839	1 191 498	164 148
Balance previously reported	427 789	-	-	427 789	171 529	27 805	-	7 356	206 690	221 100
Correction of error note - 32.02	927 856	-	-	927 856	914 727	60 597	-	9 483	984 808	-56 952
<b>Intangible assets</b>	22 330	6 397	-	28 728	2 022	5 468	-	-	7 490	21 237
Intangible assets	22 330	6 397	-	28 728	2 022	5 468	-	-	7 490	21 237
Balance previously reported	22 330	6 397	-	28 728	2 022	5 468	-	-	7 490	21 237
Correction of error note - 32.10	-	-	-	-	-	-	-	-	-	-
	<b>200 240 053</b>	<b>35 340 936</b>	<b>-2 348 318</b>	<b>233 232 672</b>	<b>56 018 404</b>	<b>6 423 729</b>	<b>83 550</b>	<b>650 350</b>	<b>63 176 033</b>	<b>170 056 638</b>

## 11 PROPERTY, PLANT AND EQUIPMENT

The leased property, plant and equipment is secured as set out in Note 2

The Municipality identified other properties, plant and equipment, with opening balances and adjustments during the year.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The Municipality has identified and itemised all infrastructure and community assets and other property, plant and equipment and has recalculated accumulated depreciation. All prior year figures have been restated to reflect the calculation.

Work in progress is included in the specific Infrastructure line item. Work in progress amounts to R64 479 488 for the 2011/2011 financial year.



APPENDIX A  
PHOKWANE MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Original Loan Amount	Rate	Redeemable	Balance at	Received during the period	Redeemed written off during the period	Balance at
<b>SKINKING FUND</b>							
Sinking Fund loan from ABSA	1 000 000	12,40%		1 000 000	-	1 000 000	-
<b>Total Annuity Loans</b>	<b>1 000 000</b>			<b>1 000 000</b>	-	<b>1 000 000</b>	-
<b>GOVERNMENT LOANS</b>							
DBSA Loan	1 214 810	14,58%	30/06/2011	33 180	-	33 180	-
DBSA Loan	1 822 284	14,58%	30/06/2011	49 772	-	49 772	-
DBSA Loan	898 472	14,58%	30/06/2011	24 540	-	24 540	-
<b>Total Government Loans</b>	<b>3 935 566</b>			<b>107 493</b>	-	<b>107 493</b>	-
<b>LEASE LIABILITY</b>							
Lease Liability	1 285 662	Varied		394 791	-	271 142	123 649
<b>Total Lease Liability</b>	<b>1 285 662</b>			<b>394 791</b>	-	<b>271 142</b>	<b>123 649</b>
<b>TOTAL EXTERNAL LOANS</b>	<b>6 221 228</b>			<b>1 502 283</b>	-	<b>1 378 634</b>	<b>123 649</b>



## APPENDIX B

### PHOKWANE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

	Cost/Revaluation				Accumulated Depreciation				Carrying Value			
	Opening Balance	Correction of error	Additions	Disposals/Transfers	Closing Balance	Opening Balance	Correction of error	Additions		Disposals/Transfers	Closing Balance	Impairment / Revaluation
Land and Buildings	4 790 731	-2 348 318	-	-	2 442 413	-	-	-	-	-	-	2 442 413
	24 855 409	-11 627 660	-	-	13 227 749	4 331 014	5 765	474 324	-	4 811 104	-	8 416 645
	29 646 140	-13 975 978	-	-	15 670 162	4 331 014	5 765	474 324	-	4 811 104	-	10 859 058
Infrastructure	42 619 559	-	3 638 064	-	46 257 623	6 100 648	-	1 099 268	-	7 199 916	-	39 057 706
	73 814 562	-	13 930 148	-	87 744 709	19 780 034	-	740 549	-	20 520 582	-	67 224 127
	25 135 469	-	2 184 000	-	27 319 469	9 687 564	-	778 382	-	10 465 946	-	16 853 523
	44 378 478	-	1 301 364	-	45 679 842	9 381 173	-	837 763	-	10 218 936	-	35 460 906
	4 201 967	-	-	-	4 201 967	1 163 235	-	235 885	-	1 399 120	-	2 802 847
	387 432	-	-	-	387 432	70 675	-	12 914	-	83 590	-	303 843
	190 537 467	-	21 053 576	-	211 591 043	46 183 329	-	3 704 761	-	49 888 090	-	161 702 952
Community Assets	973 151	-	-	-	973 151	296 510	-	32 438	-	328 949	-	644 203
	6 779 590	-	-	-	6 779 590	3 580 011	-	225 986	-	3 805 997	-	2 973 592
	768 489	-	-	-	768 489	144 340	-	25 616	-	169 956	-	598 533
	662 664	-	-	-	662 664	278 889	-	22 089	-	300 978	-	361 686
	3 996	-	-	-	3 996	624	-	133	-	757	-	3 239
	9 187 889	-	-	-	9 187 889	4 300 374	-	306 263	-	4 606 637	-	4 581 252
Heritage Assets												
	156 892	-	-	-	156 892	-	-	-	-	-	-	156 892
	1 489	-	-	-	1 489	658	-	149	-	807	-	682
	158 380	-	-	-	158 380	658	-	149	-	807	-	157 574
	229 529 877	-13 975 978	21 053 576	-	236 607 474	54 815 376	5 765	4 485 498	-	59 306 638	-	177 300 836

## APPENDIX B Cont.

	Cost/Revaluation			Accumulated Depreciation			Carrying Value
	Opening Balance	Correction of error	Additions	Disposals/Transfers	Closing Balance	Correction of error	
<b>Total brought forward</b>	<b>229 529 877</b>	<b>-13 975 978</b>	<b>21 053 576</b>	<b>-</b>	<b>236 607 474</b>	<b>5 765</b>	<b>- 177 300 836</b>
<b>Other Assets</b>							
Office Equipment	1 135 995	-	16 335	-	1 152 330	-	-
Furniture & Fittings	2 274 996	230	114 239	-	2 389 465	-	- 475 332
Communication Equipment	52 909	-	-	-	52 909	-	- 1 490 053
Other	4 113 726	-	25 500	-	4 139 226	-	- 26 643
Safety Equipment	188 652	-	-	-	188 652	-	- 2 313 088
Vehicles & Plant	7 260 247	-	-	-	7 260 247	-	- 142 815
Computer Equipment	1 296 371	-	274 203	-	1 570 574	-	- 1 943 984
Landfill Sites	427 789	927 856	-	-	1 355 645	984 808	- 849 673
Non-Capital							86 110
	<b>16 750 686</b>	<b>928 086</b>	<b>430 277</b>	<b>-</b>	<b>18 109 049</b>	<b>-350 692</b>	<b>-</b>
							<b>3 880 7 327 698</b>
<b>Total Property, Plant and Equipment</b>	<b>246 280 563</b>	<b>-13 047 892</b>	<b>21 483 852</b>	<b>-</b>	<b>254 716 523</b>	<b>-344 927</b>	<b>-</b>
							<b>3 880 184 628 534</b>
<b>Intangible Assets</b>							
Intangible Assets	28 728	-	-	-	28 728	-	-
	<b>28 728</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28 728</b>	<b>-</b>	<b>- 15 492</b>
							<b>15 492</b>
<b>Investment Property</b>							
Investment Property	1 188 145	2 348 318	-	-	3 536 463	-	-
	<b>1 188 145</b>	<b>2 348 318</b>	<b>-</b>	<b>-</b>	<b>3 536 463</b>	<b>-</b>	<b>3 536 463</b>
							<b>-</b>
<b>Total</b>	<b>247 497 436</b>	<b>-10 699 574</b>	<b>21 483 852</b>	<b>-</b>	<b>258 281 714</b>	<b>-344 927</b>	<b>-</b>
							<b>3 880 188 180 489</b>

## APPENDIX C (1)

### PHOKWANE MUNICIPALITY SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost		Accumulated Depreciation						Carrying				
	Opening	Correction	Additions	Disposals	Residual Value	Closing	Opening	Correction	Additions	Disposals	Closing	Impairment	Value
	Balance	of error				Balance	Balance	of error			Balance		
Finance & Administration Council	16 307 505	230	260 036	-	-	16 567 771	8 499 820	-1 329 735	2 422 578	-	9 592 664	-	6 975 108
	-		131 108			131 108	-				-		131 108
Executive	-		20 888			20 888	-				-		20 888
Community & Social	18 513 842	-2 348 318	1 530 881	-	-	17 696 405	9 865 957	-	306 412	-	10 172 368	-	7 524 036
Housing	21 164 588	-11 627 660	-	-	-	9 536 928	-	-	474 324	-	474 324	-	9 062 603
Waste Management (Sewerage)	49 052 010	927 856	5 229 900	-	-	55 209 766	19 985 799	984 808	740 549	-	21 711 155	3 880	33 494 731
Road Transport	46 545 269	-	3 255 029	-	-	49 800 298	6 100 648	-	1 348 068	-	7 448 716	-	42 351 582
Water	69 561 880	-	9 131 006	-	-	78 692 886	9 381 173	-	837 763	-	10 218 936	-	68 473 950
Electricity	25 135 469	-	1 925 005	-	-	27 060 474	9 687 564	-	778 382	-	10 465 946	-	16 594 528
	104 586 913	-	4 124 025	1 852 497	-	121 957	31 305	7 185 665,31	1 140 748,14		37 350		84 607
						694,39	463,24				380,41		313,98
Total	246 280 563	-13 047 892	21 483 853	-	-	254 716 524	63 520 961	-344 927	6 908 076	-	70 084 110	3 880	184 628 534

## APPENDIX C (2) GFS

### GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation		Accumulated Depreciation				Disposals Income	Closing Balance	Closing Impairment	Carrying Value		
	Opening Balance	Correction error	Additions	Disposals	Closing Balance	Opening Balance					Correction of error	Additions
Budget & Treasury Office	16 307 505	230	260 036	-	16 567 772	8 499 820	(1 329 735)	2 422 578	-	9 592 664	-	6 975 108
Community & Social Services	18 513 842	(2 348 318)	1 530 881	-	17 696 405	9 865 957	-	306 412	-	10 172 368	-	7 524 036
Housing	21 164 588	(11 627 660)	-	-	9 536 928	-	-	474 324	-	474 324	-	9 062 603
Waste Management	49 052 010	927 856	5 229 900	-	55 209 766	19 985 799	984 808	740 549	-	21 711 155	3 880	33 494 731
Road Transport	46 545 269	-	3 255 029	-	49 800 298	6 100 648	-	1 348 068	-	7 448 716	-	42 351 582
Water	69 561 880	-	9 131 006	-	78 692 886	9 381 173	-	837 763	-	10 218 936	-	68 473 950
Electricity	25 135 469	-	1 925 005	-	27 060 474	9 687 564	-	778 382	-	10 465 946	-	16 594 528
Total	246 280 563	(13 047 892)	21 483 853	-	254 716 524	63 520 961	(344 927)	6 908 076	-	70 084 110	3 880	184 628 534



## APPENDIX D (1) MUNICIPAL VOTES CLASSIFICATION

Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R		Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R
37 259 548	(8 701 867)	28 557 681	Council and Executive Administration	58 052 984	(18 379 512)	39 673 472
74 401	(5 104 031)	(5 029 630)	Office of the Municipal Manager	144 623	(5 511 360)	(5 366 737)
3 570 499	(15 737 128)	(12 166 629)	Finance Admin	4 058 463	(15 508 010)	(11 449 547)
(816)	(70 979)	(71 794)	Stores	-	(57 112)	(57 112)
-	(1 079 694)	(1 079 694)	IT	-	(977 994)	(977 994)
8 195 385	(29 063 588)	(20 868 203)	Rates and Taxes	9 023 403	(2 028 185)	6 995 218
374 913	(4 286 076)	(3 911 163)	Corporate Services and Development Admin	2 568 404	(5 106 777)	(2 538 373)
(7 950)	(65 816)	(73 766)	LED	-	(250 785)	(250 785)
(234 884)	(1 227 727)	(1 462 612)	Municipal Buildings	(916 074)	(2 393 422)	(3 309 495)
120 994	(494 586)	(373 592)	Estates	119 624	(465 830)	(346 206)
-	-	-	Ganspan Waterbird Sanctuary	-	(20 451)	(20 451)
-	-	-	Semi-Detached Houses	2 142	(3 858)	(1 716)
-	(1 235)	(1 235)	Staff Housing	-	(7 020)	(7 020)
-	(1 491)	(1 491)	Council Motor Vehicle	-	(12 514)	(12 514)
2 552	(3 096 800)	(3 094 248)	Community Services Admin	4 183	(3 114 522)	(3 110 339)
74 200	(231 524)	(157 323)	Cemetary	79 273	(314 912)	(235 639)
1 353 355	(2 580 944)	(1 227 589)	Traffic	2 515 785	(2 905 936)	(390 151)
-	(1 464 538)	(1 464 538)	Parks and Recreation	27 770	(1 692 598)	(1 664 828)
-	(6 639)	(6 639)	Clinic	(2 553)	(2 274)	(4 827)
1 647	(630)	1 017	Caravan Park	(2 168)	(3 858)	(6 027)
1 572	(213 641)	(212 069)	Sports Grounds	3 349	(118 696)	(115 347)
-	(27 480)	(27 480)	Fire Fighting & Disaster Management	-	(58 999)	(58 999)
989 625	(1 111 811)	(122 186)	Motor Vehicle Registration	844 632	(1 155 362)	(310 730)
813 975	(1 433 018)	(619 042)	Library	622 417	(1 755 226)	(1 132 809)
497 560	(245 264)	252 296	Vehicle Test Station	333 982	(88 537)	245 445
40 842 074	(22 461 001)	18 381 073	Water	31 684 470	(31 454 025)	230 445
55 086	(21 024)	34 062	Water Consumer Connections	15 073	30 855	45 928
17 816 306	(9 449 908)	8 366 398	Waste Water	13 855 923	(11 867 911)	1 988 011
41 457 551	(30 862 328)	10 595 223	Electricity	51 277 495	(35 534 531)	15 742 963
246 387	(455 420)	(209 033)	Electricity Consumer Connections	204 658	(58 969)	145 689
6 791 990	(5 188 041)	1 603 949	Public Works	3 670 186	(7 548 642)	(3 878 456)
(267 015)	(239 739)	(506 755)	Mechanical Workshop	(576 533)	(231 037)	(807 570)
8 466 082	(1 598 396)	6 867 686	Refuse	6 660 722	(5 385 244)	1 275 478
						-
168 495 036	(146 522 363)	21 972 673	Sub Total	184 272 233	(153 983 256)	30 288 977
1 696 966	(1 696 966)	-	Less Inter-Departmental Charges	3 365 957	(3 365 957)	-
<b>170 192 003</b>	<b>(148 219 329)</b>	<b>21 972 673</b>	<b>Total</b>	<b>187 638 190</b>	<b>(157 349 213)</b>	<b>30 288 977</b>



APPENDIX D (2)

GENERAL FINANCE STATISTIC CLASSIFICATIONS

Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R		Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R
37 333 948	(14 887 082)	22 446 866	Executive and council	58 197 607	(24 881 380)	33 316 226
8 282 578	(41 389 205)	(33 106 626)	Budget and treasury office	13 081 867	(17 593 307)	(4 511 440)
261 023	(6 008 389)	(5 747 366)	Corporate Services	1 771 954	(7 966 028)	(6 194 074)
890 727	(4 761 341)	(3 870 613)	Community and social services	705 873	(5 184 660)	(4 478 787)
3 219	(1 678 810)	(1 675 591)	Sport and recreation	28 951	(1 835 604)	(1 806 654)
2 840 540	(3 965 499)	(1 124 959)	Public Safety	3 694 399	(4 208 833)	(514 435)
-	(1 235)	(1 235)	Housing	2 142	(10 878)	(8 736)
-	(6 639)	(6 639)	Health	(2 553)	(2 274)	(4 827)
(7 950)	(65 816)	(73 766)	Planning and development	-	(250 785)	(250 785)
6 524 975	(5 427 780)	1 097 195	Road transport	3 093 653	(7 779 680)	(4 686 026)
41 703 938	(31 317 748)	10 386 190	Electricity	51 482 152	(35 593 500)	15 888 652
40 897 160	(22 482 026)	18 415 135	Water	31 699 543	(31 423 171)	276 373
17 816 306	(9 449 908)	8 366 398	Water waste management	13 855 923	(11 867 911)	1 988 011
8 466 082	(1 598 396)	6 867 686	Waste management	6 660 722	(5 385 244)	1 275 478
						-
165 012 546	(143 039 873)	21 972 673	Sub Total	184 272 233	(153 983 256)	30 288 977
3 239 348	(1 542 382)	1 696 966	Less Inter-Departmental Charges	3 365 957	(3 365 957)	-
<b>168 251 894</b>	<b>(144 582 255)</b>	<b>23 669 639</b>	<b>Total</b>	<b>187 638 190</b>	<b>(157 349 213)</b>	<b>30 288 977</b>

## APPENDIX E (1)

### REVENUE AND EXPENDITURE

#### ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012

#### MUNICIPAL VOTES CLASSIFICATION

	Actual (R)	Budget (R)	Variance (R)	Variance (%)
<b>REVENUE</b>				
Property Rates	7 926 865	13 225 415	(5 298 550)	-40,06%
Grants and Subsidies Received - Operating	84 205 700	61 286 000	22 919 700	37,40%
Fines	190 690	389 646	(198 956)	-51,06%
Service Charges	77 054 971	76 466 508	588 463	0,77%
Rental of Facilities and Equipment	136 096	69 477	66 619	95,89%
Interest Earned - Current Account	81 314	84 646	(3 332)	-3,94%
Interest Earned - External Investments	1 633 815	1 024 100	609 715	59,54%
Interest Earned - Outstanding Debtors	7 927 472	7 004 410	923 062	13,18%
Licences and Permits	1 692 295	1 703 603	(11 308)	-0,66%
Agency Services	1 457 837	1 083 483	374 354	34,55%
Other Revenue	1 965 179	806 164	1 159 015	143,77%
<b>Total Revenue</b>	<b>184 272 233</b>	<b>163 143 452</b>	<b>21 128 781</b>	<b>12,95%</b>
<b>EXPENDITURE</b>				
Council and Executive Administration	(18 379 512)	(10 812 671)	(7 566 841)	69,98%
Office of the Municipal Manager	(5 511 360)	(5 458 747)	(52 613)	0,96%
Finance Admin	(18 571 302)	(14 212 575)	(4 358 727)	30,67%
Corporate Services and Development Admin	(5 106 777)	(4 860 521)	(246 256)	5,07%
LED	(250 785)	(308 197)	57 412	-18,63%
Municipal Buildings	(2 621 260)	(2 259 485)	(361 775)	16,01%
Estates	(465 830)	(893 179)	427 349	-47,85%
Ganspan Waterbird Sanctuary	(20 451)	(35 268)	14 817	-42,01%
Semi-Detached Houses	(3 858)	(61 941)	58 083	-93,77%
Staff Housing	(7 020)	(75 881)	68 861	-90,75%
Council Motor Vehicle	(12 514)	(149 911)	137 397	-91,65%
Community Services Admin	(3 114 522)	(3 546 759)	432 237	-12,19%
Cemetery	(314 912)	(198 586)	(116 326)	58,58%
Traffic	(2 905 936)	(3 755 295)	849 359	-22,62%
Parks and Recreation	(1 692 598)	(4 108 143)	2 415 545	-58,80%
Clinic	(4 827)	-	(4 827)	0,00%
Caravan Park	(6 724)	(126 494)	119 770	-94,68%
Sports Grounds	(118 696)	(321 978)	203 282	-63,14%
Fire Fighting and Disaster Management	(58 999)	(123 465)	64 466	-52,21%
Motor Vehicle Registration	(1 155 362)	(1 194 558)	39 196	-3,28%
Library	(1 755 226)	(2 758 056)	1 002 830	-36,36%
Vehicle Test Station	(88 537)	(799 586)	711 049	-88,93%
Water	(43 291 082)	(47 507 578)	4 216 496	-8,88%
Electricity (Street Lighting)	(31 994 285)	(43 975 905)	11 981 620	-27,25%
Public Works	(7 548 642)	(7 378 778)	(169 864)	2,30%
Mechanical Workshop	(231 037)	(1 302 787)	1 071 750	-82,27%
Refuse	(5 385 244)	(6 073 844)	688 600	-11,34%
Less Internal Charges	(3 365 957)	-	(3 365 957)	0,00%
<b>Total Expenditure</b>	<b>(153 983 256)</b>	<b>(162 300 188)</b>	<b>8 316 932</b>	<b>-5,12%</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>30 288 977</b>	<b>843 264</b>	<b>29 445 713</b>	

**APPENDIX E (2)**  
**REVENUE AND EXPENDITURE**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	Actual (R)	Budget (R)	Variance (R)	Variance (%)
<b>REVENUE</b>				
Property Rates	7 926 865	13 225 415	(5 298 550)	-40,06%
Grants and Subsidies Received - Operating	84 205 700	61 286 000	22 919 700	37,40%
Fines	190 690	389 646	(198 956)	-51,06%
Service Charges	77 054 971	76 466 508	588 463	0,77%
Rental of Facilities and Equipment	136 096	69 477	66 619	95,89%
Interest Earned - Current Account	81 314	84 646	(3 332)	-3,94%
Interest Earned - External Investments	1 633 815	1 024 100	609 715	59,54%
Interest Earned - Outstanding Debtors	7 927 472	7 004 410	923 062	13,18%
Licences and Permits	1 692 295	1 703 603	(11 308)	-0,66%
Agency Services	1 457 837	1 083 483	374 354	34,55%
Other Revenue	1 965 179	806 164	1 159 015	143,77%
<b>Total Revenue</b>	<b>184 272 233</b>	<b>163 143 452</b>	<b>21 128 781</b>	<b>12,95%</b>
<b>EXPENDITURE</b>				
Executive and council	(24 881 380)	(17 181 280)	(7 700 100)	44,82%
Budget and treasury office	(17 593 307)	(13 452 624)	(4 140 683)	30,78%
Corporate Services	(8 193 867)	(8 013 185)	(180 682)	2,25%
Community and social services	(5 184 660)	(6 503 401)	1 318 741	-20,28%
Sport and recreation	(1 838 470)	(4 591 883)	2 753 413	-59,96%
Public Safety	(4 208 833)	(5 872 904)	1 664 071	-28,33%
Housing	(10 878)	(137 822)	126 944	-92,11%
Health	(4 827)	-	(4 827)	0,00%
Planning and development	(250 785)	(308 197)	57 412	-18,63%
Road transport	(7 779 680)	(8 681 565)	901 885	-10,39%
Electricity	(31 994 285)	(43 975 905)	11 981 620	-27,25%
Water	(31 423 171)	(33 953 505)	2 530 334	-7,45%
Water waste management	(11 867 911)	(13 554 073)	1 686 162	-12,44%
Waste management	(5 385 244)	(6 073 844)	688 600	-11,34%
Less: Interdepartmental Charges	(3 365 957)	-	(3 365 957)	0,00%
<b>Total Expenditure</b>	<b>(153 983 256)</b>	<b>(162 300 188)</b>	<b>8 316 932</b>	<b>-5,12%</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>30 288 977</b>	<b>843 264</b>	<b>29 445 713</b>	



## APPENDIX E (3)

### ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012 AQISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGABLE ASSETS MUNICIPAL VOTES CLASSIFICATION

	Actual R	Budget R	Variance R	Variance %
Council and Executive Administration	-	140 000	(140 000)	
Office of the Municipal Manager	-	70 000	(70 000)	
Finance Admin	260 036	601 000	(340 964)	100%
Corporate Services and Development Admin	-	19 520 000	(19 520 000)	
Community Services Admin	1 530 881	695 000	835 881	100%
Traffic		158 100	(158 100)	
Parks and Recreation		170 000	(170 000)	
Library		50 000	(50 000)	
Water	9 131 006	6 717 136	2 413 870	35,94%
Waste Water	-	8 838 900	(8 838 900)	
Electricity	1 925 005	2 184 000	(258 995)	100%
Public Works	3 255 029	6 654 341	(3 399 312)	-51,08%
Refuse	5 229 900	-	5 229 900	100%
<b>Total</b>	<b>21 331 857</b>	<b>45 798 477</b>	<b>(24 466 620)</b>	<b>-53,42%</b>

## APPENDIX E (4)

### ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012 AQISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGABLE ASSETS GENERAL FINANCE STATISTIC CLASSIFICATIONS

	Actual R	Budget R	Variance R	Variance %
Executive and council	-	210 000	(210 000)	
Budget and treasury office	260 036	601 000	(340 964)	100,00%
Corporate Services	131 108	19 520 000	(19 388 892)	-99,33%
Community and social services	1 530 881	745 000	785 881	100,00%
Sport and recreation	-	170 000	(170 000)	
Public Safety	-	158 100	(158 100)	
Road transport	3 255 029	6 654 341	(3 399 312)	-51,08%
Electricity	1 925 005	2 184 000	(258 995)	100,00%
Water	9 131 006	6 717 136	2 413 870	35,94%
Water waste management	-	8 838 900	(8 838 900)	
Waste management	5 229 900	-	5 229 900	100,00%
<b>Total</b>	<b>21 462 965</b>	<b>45 798 477</b>	<b>(24 335 512)</b>	<b>-53,14%</b>



APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance	Correction of error/Transfers	Restated balance	Contributions during the year	Operating Expenditure during the year	Capital Expenditure during the year	Balance	Unspent	Unpaid
	R	R	R	R	Transferred to Revenue	Transferred to Revenue	R	(Creditor)	(Debtor)
Equitable Share	-	-	-	56 299 000	56 299 000	-	-	-	-
DWAF - Sedibeng	-	-	-	1 695 850	1 507 676	-	188 174	188 174	-
MIG Grant	(4 128 210)	-	(4 128 210)	21 735 000	-	18 855 651	-1 248 861	-	-1 248 861
Housing Subsidy Grant	59 300	(59 300)	-	-	-	-	-	-	-
MSIG	344 304	-	344 304	790 000	943 152	-	191 152	191 152	-
Tlhagadillijang Elec. DME	(329 798)	-	(329 798)	-	-	-	-329 798	-	-329 798
Library Pamierstad Grant	(20 453)	20 453	-	-	-	-	-	-	-
Library Hartswater Grant	587 932	-	587 932	920 000	599 879	-	908 053	908 053	-
J/Kemp housing/Pamierstad	137 581	(137 581)	-	-	-	-	-	-	-
EPWP Taxi Rank	2 147 237	-	2 147 237	-	-	-	2 147 237	2 147 237	-
S E T A	1 053	(1 053)	-	-	-	-	-	-	-
Elec. Substation-Frances Baa	53 315	(53 315)	-	-	-	-	-	-	-
NLDTF LOTTO	(50 585)	50 585	-	-	-	-	-	-	-
Creche : Bonita Park	3 546	(3 546)	-	-	-	-	-	-	-
49 Houses/Water - DPLG (NC)	5 418	(5 418)	-	-	-	-	-	-	-
DWAF - Refurbishment	(1 429 992)	-	(1 429 992)	-	-	-	-1 429 992	-	-1 429 992
Financial Management Grant	40 192	-	40 192	1 500 000	1 137 706	-	402 486	402 486	-
Sapo	3 497	(3 497)	-	-	-	-	-	-	-
Sport Development	17 422	-	17 422	-	-	-	17 422	17 422	-
Thagadipilejang Fund	(21 341)	21 341	-	-	-	-	-	-	-
FBDM O&M	124 123	-	124 123	68 873	-	114 901	78 095	78 095	-
EPWP Bonita Park	213 727	(213 727)	-	-	-	-	-	-	-
DWAF Water loss	(373 744)	-	(373 744)	-	-	-	-373 744	-	-373 744
DME grant - Ganspan	(714 462)	-	(714 462)	2 184 000	-	2 184 000	-714 462	-	-714 462
Electrification	-	-	-	-	-	-	-	-	-
COGHSTA Grant	1 001 427	-	1 001 427	4 638 949	-	2 563 736	3 076 641	3 076 641	-
Masakeng Roads	(820 882)	-	(820 881)	-	-	-	-820 881	-	-820 881
<b>Total</b>	<b>(3 149 392)</b>	<b>(385 058)</b>	<b>(3 534 450)</b>	<b>89 831 672</b>	<b>60 487 412</b>	<b>23 718 288</b>	<b>2 091 523</b>	<b>7 009 261</b>	<b>-4 917 738</b>

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Vacant

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